EFC GROUP LIMITED
SC363987

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

MESTON REID & CO.
CHARTERED ACCOUNTANTS
12 CARDEN PLACE
ABERDEEN
AB10 1UR

EFC GROUP LIMITED

COMPANY INFORMATION

Directors	Tom Dixon Emma Duncan	(Appointed 30 November 2018) (Appointed 4 July 2019)
Company number	SC363987	
Registered office	6 Queens Road Aberdeen Aberdeenshire AB15 4ZT	
Auditor	Meston Reid & Co 12 Carden Place Aberdeen AB10 1UR	

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The directors present the strategic report for the year ended 31 March 2019.

Fair review of the business
Following a challenging FY17 in terms of global oil and gas industry uncertainty and strict hold on capital spend, FY18 began to show signs of recovery. Oil prices improved and stabilised over this period, and some confidence began to return giving rise to early signs of capital spend commitment. This trend towards greater capital spend has started to materialise into commitment leading to procurement activity through 2019 and into 2020.

EBITDA loss for the period was £2.7m (2018: EBITDA loss of £2.3m), and generated a loss before tax of £4.8m (2018: loss before tax of £4.3m). This was after exceptional costs of £365k (2018: £515k) for redundancy and restructuring costs. Staff costs were down 17% (2018: 18%) year on year with a continuation of the headcount rightsizing process. The Board of Directors consider the Key Performance Indicators to be EBITDA and profit/loss before tax.

The majority of geographical revenues continue to be in North America and Europe, with the balance predominantly in Asia and Middle East. Management will continue to focus on organic growth, core standard product offering and development, and the commercialisation of that in the near-term.

Going Concern
The elimination of all bank and shareholder debt in late 2018, simplification of the group structure, along with the injection of £3m in cash has successfully secured the future of the business and reset its cost base in line with its income expectations. Continued improvement in sales activity throughout 2019, coupled with cost-base discipline has substantiated the careful optimism expressed with submission of the previous year's accounts.

As a result, management expect to report solid profit for 2020, following consistent profitable monthly management accounts, demonstrating successful completion of the 'repair', with further optimism towards the outlook for 2021.

Implications of Brexit
The decision for the UK to leave the EU following the referendum in June 2016 has caused much economic uncertainty and speculation and continues to do so whilst we await resolution of the Brexit problem. Whilst the company itself sells limited amounts to the EU, its major customers do operate in international markets and so the company is unlikely to be completely sheltered from the economic effects of Brexit. Currently there is no evidence of customers holding off on investment due to Brexit. The company purchases the vast majority of its supplies from UK entities but appreciate that they in turn may purchase from the EU and it is unclear at this time the impact on the supply chain.

On behalf of the board

Tom Dixon
Director
26 February 2020

The directors present their annual report and financial statements for the year ended 31 March 2019.

Principal activities
The principal activity of the company continued to be that of an intermediate holding company and therefore does not trade. The company owns 100% of Electro-Flow Controls Limited.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Tom Dixon	(Appointed 30 November 2018)
Keith James Massie	(Resigned 14 December 2018)
Gareth Forbes	(Appointed 29 November 2018 and resigned 4 July 2019)
Emma Duncan	(Appointed 4 July 2019)

Results and dividends
The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Post reporting date events
The following events occurring after the balance sheet date are disclosed as below:

Deep Blue Engineering Limited changed its name to Shallow Red Limited on 14 May 2019. Shallow Red Limited was dissolved on 3 December 2019.

After the balance sheet date, SF Offshore Power and Control Bidco Limited and SF Offshore Power and Control Topco Limited, both former parent undertakings in the group, were dissolved on 1 October 2019.

Auditor
Meston Reid & Co were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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

Tom Dixon
Director

26 February 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 directors are 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. They are 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EFC GROUP LIMITED

Opinion

We have audited the financial statements of EFC Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 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, the company 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 March 2019 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 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 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 the 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 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 directors' 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 directors

As explained more fully in the directors' responsibilities statement, 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 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Mark Brown BA CA (Senior Statutory Auditor)
for and on behalf of Meston Reid & Co

Chartered Accountants
Statutory Auditor
12 Carden Place
Aberdeen
AB10 1UR

26 February 2020

MESTON REID & Co
CHARTERED ACCOUNTANTS

EFC GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £ 000	2018 £
Turnover	3	5,332	7,229
Cost of sales		(4,573)	(5,996)
Gross profit		759	1,233
Administrative expenses		(3,527)	(3,593)
Other operating income		40	23
Redundancy costs	4	(26)	(171)
Restructuring costs	4	(339)	-
Operating loss	5	(3,093)	(2,508)
Interest payable and similar expenses	8	(1,715)	(1,817)
Loss before taxation		(4,808)	(4,325)
Tax on loss	9	-	-
Loss for the financial year		(4,808)	(4,325)

Loss for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £ 000	2018 £
Loss for the year	(4,808)	(4,325)
Other comprehensive income		
Currency translation differences	(7)	409
Total comprehensive income for the year	(4,815)	(3,916)

Total comprehensive income for the year is all attributable to the owners of the parent company.

EFC GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £ 000	2019 £ 000	2018 £	2018 £
Fixed assets					
Goodwill	10		228		257
Other intangible assets	10		-		29
Total intangible assets			228		286
Tangible assets	11		143		200
			371		486
Current assets					
Stocks	15	32		-	
Debtors	16	5,821		7,628	
Cash at bank and in hand		264		447	
		6,117		8,075	
Creditors: amounts falling due within one year	17	(4,099)		(4,684)	
Net current assets			2,018		3,391
Total assets less current liabilities			2,389		3,877
Creditors: amounts falling due after more than one year	18		(16,911)		(13,584)
Net liabilities			(14,522)		(9,707)
Capital and reserves					
Called up share capital	20		21		21
Share premium account			1,083		1,083
Other reserves	21		65		72
Profit and loss reserves			(15,691)		(10,883)
Total equity			(14,522)		(9,707)

The financial statements were approved by the board of directors and authorised for issue on 26 February 2020 and are signed on its behalf by:

Tom Dixon
Director

EFC GROUP LIMITED

COMPANY BALANCE SHEET
AS AT 31 MARCH 2019

		2019		2018	
	Notes	£ 000	£ 000	£	£
Fixed assets					
Investments	12		1,612		1,612
Current assets					
Debtors	16	360		-	
Creditors: amounts falling due within one year	17	(528)		(814)	
Net current liabilities			(168)		(814)
Total assets less current liabilities			1,444		798
Creditors: amounts falling due after more than one year	18		(12,878)		(10,122)
Net liabilities			(11,434)		(9,324)
Capital and reserves					
Called up share capital	20		21		21
Share premium account			1,083		1,083
Profit and loss reserves			(12,538)		(10,428)
Total equity			(11,434)		(9,324)

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 £2,109k (2018 - £518k).

The financial statements were approved by the board of directors and authorised for issue on 26 February 2020 and are signed on its behalf by:

Tom Dixon
Director

Company Registration No. SC363987

EFC GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 1 April 2017	21	1,083	(337)	(6,558)	(5,791)
Year ended 31 March 2018:					
Loss for the year	-	-	-	(4,325)	(4,325)
Other comprehensive income:					
Currency translation differences	-	-	-	409	409
Total comprehensive income for the year	-	-	-	(3,916)	(3,916)
Transfers	-	-	409	(409)	-
Balance at 31 March 2018	21	1,083	72	(10,883)	(9,707)
Year ended 31 March 2019:					
Loss for the year	-	-	-	(4,808)	(4,808)
Other comprehensive income:					
Currency translation differences	-	-	-	(7)	(7)
Total comprehensive income for the year	-	-	-	(4,815)	(4,815)
Transfers	-	-	(7)	7	-
Balance at 31 March 2019	21	1,083	65	(15,691)	(14,522)

EFC GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Share premium account	Profit and loss reserves	Total
	£ 000	£ 000	£ 000	£ 000
Balance at 1 April 2017	21	1,083	(5,240)	(4,136)
Year ended 31 March 2018:				
Loss and total comprehensive income for the year	-	-	(5,188)	(5,188)
Balance at 31 March 2018	21	1,083	(10,428)	(9,324)
Year ended 31 March 2019:				
Loss and total comprehensive income for the year	-	-	(2,110)	(2,110)
Balance at 31 March 2019	21	1,083	(12,538)	(11,434)

EFC GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018	
	Notes	£ 000	£ 000	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	**26**		1,146		(466)
Interest paid			(1,715)		(102)
Income taxes refunded			376		22
Net cash outflow from operating activities			(193)		(546)
Investing activities					
Purchase of intangible assets		-		(29)	
Proceeds on disposal of intangibles		29		-	
Purchase of tangible fixed assets		(12)		(6)	
Net cash generated from/(used in) investing activities			17		(35)
Financing activities					
Net drawn down on intercompany loan		-		893	
Repayment of investor loan		-		(150)	
Payment of deferred consideration		-		(196)	
Net cash (used in)/generated from financing activities			-		547
Net decrease in cash and cash equivalents			(176)		(34)
Cash and cash equivalents at beginning of year			447		72
Effect of foreign exchange rates			(7)		409
Cash and cash equivalents at end of year			264		447

EFC GROUP LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £ 000	2019 £ 000	2018 £	2018 £
Cash flows from operating activities					
Cash generated from operations	27		1,692		1,467
Interest paid			(1,692)		(1,467)
Net cash outflow from operating activities			-		-
Investing activities					
Proceeds on disposal of subsidiaries		-		5,188	
Proceeds on disposal of fixed asset investments		-		(5,188)	
Net cash used in investing activities			-		-
Net increase in cash and cash equivalents			-		-
Cash and cash equivalents at beginning of year			-		-
Cash and cash equivalents at end of year			-		-

1 Accounting policies

Company information

EFC Group Limited is a private company registered in the UK, limited by shares incorporated in Scotland. The registered office is 6 Queens Road, Aberdeen, Aberdeenshire, AB15 4ZT.

The group consists of EFC Group Limited and all of its subsidiaries.

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. 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 the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company 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. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of EFC Group 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 purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2019. 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.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1 Accounting policies **(Continued)**

1.3 Going concern

In late 2018, the Group chose to complete a restructure, to eliminate all bank and shareholder debt, simplify the group structure and inject £3M in cash into the company. Of this cash injection, £1.2M was paid in settlement against the bank debt and the remainder used in the business. After a review of the Group's forecast business outlook, coupled with the complete removal of debt burden, the directors have a reasonable expectation that the group has sufficient resources to continue in operational existence for the foreseeable future.

This key investor commitment provides a repaired balance sheet and the stability to allow focus on securing new and differentiated business, continue developing new products, and working with both existing and new clients through 2019. The Shareholders remain committed to supporting the company beyond the restructuring exercise and through any uncertainty.

2019 to date has seen an improvement in order intake and visibility. The forward horizon of increasing pipeline opportunities, set against the backdrop of a stable oil price, is giving rise to a view of careful optimism.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), 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 contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 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 does not exceed 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 Accounting policies **(Continued)**

1.7 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	5 years straight line

1.8 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:

Leasehold improvements	10% straight line
Plant and equipment	25-33% straight line
Fixtures and fittings	25-33% straight line
Motor vehicles	25% straight line

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.

1.9 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, associates and jointly controlled entities 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

1 Accounting policies **(Continued)**

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. 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.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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.

1.12 Cash and cash equivalents

Cash and cash equivalents 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 Accounting policies **(Continued)**

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.

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.

1 Accounting policies **(Continued)**

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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 though 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.

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 Accounting policies **(Continued)**

1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.17 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.

1.18 Retirement benefits

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

1.19 Leases

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.

1.20 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.

1.21 Exceptional items

In accordance with section 3 of FRS 102, the directors have chosen to disclose separately any material items that are deemed to be significant or unusual items by virtue of size or incidence in the statement of comprehensive income in order to provide a true and fair view of the financial statements.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are 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.

Critical judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

2 Judgements and key sources of estimation uncertainty (Continued)

Revenue recognition
Revenue for provision of services is recognised for the known number of days engineers have been offshore where there is a purchase order in place. The value will be calculated on the agreed engineering day rate.

Revenue for provision of goods is recognised when the costs have been received by either good receipt, invoice or timesheet bookings. The value of the revenue will be calculated on the costs marked up by the budgeted margin based on project by project basis. Consideration is also given on certain projects to the percentage complete as a form of recognising revenue.

Taxation
The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions are based on various factors, such as experience with previous tax authorities and differing interpretations of tax regulations by the company and the tax authority.

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.

Key sources of estimation uncertainty
The following are key sources of estimation uncertainty for which the directors have estimated when applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment/recoverability of stock
The group makes an assessment of the recoverable value of stock. When assessing impairment of stock, management consider various factors including the ageing profile of stock items and historical experience. See Note 13 for the net carrying amount of stock.

Impairment/recoverability of debtors
The group 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 14 for the net carrying amount of the debtors.

Carrying value of goodwill
The group assesses annually whether goodwill has been impaired. Management assess the carrying value of goodwill using a number of factors including the trading performance of the company's which generated the goodwill on acquisition and the company's future cash flow projections discounted appropriately. See Note 10 for the net carrying amount of goodwill and associated impairment provisions.

Carrying value of investments
The company assesses annually whether investment value held in the company has been impaired. Management assess the carrying value of investment using a number of factors including the trading performance of the acquired subsidiaries and their future cash flow projections discounted appropriately. See Note 12 for the net carrying amount of investments and associated impairment provisions.

3 Turnover and other revenue

	2019	2018
	£ 000	£ 000
Turnover analysed by geographical market		
Europe	799	3,974
North America	1,142	2,597
South America	-	210
Middle East	-	176
Rest of World	1,636	272
United Kingdom	1,755	-
	5,332	7,229

4 Exceptional item

	2019	2018
	£ 000	£ 000
Redundancy and restructuring costs	26	171
Restructuring costs	339	-

Restructuring costs comprise professional costs and redundancy expenses incurred as part of the group restructuring and rationalising headcount. These costs are not part of ordinary trading and therefore are presented as exceptional and adjusting items.

5 Operating loss

	2019	2018
	£ 000	£ 000
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	319	(226)
Depreciation of owned tangible fixed assets	69	190
Amortisation of intangible assets	29	29
Cost of stocks recognised as an expense	2,476	3,935
Operating lease charges	757	644

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 £318,027 (2018 - £225,893).

6 Auditor's remuneration

Fees payable to the company's auditor and associates:	2019 £ 000	2018 £ 000
For audit services		
Audit of the financial statements of the group and company	4	15
Audit of the financial statements of the company's subsidiaries	36	43
	40	58
For other services		
Taxation compliance services	32	19
Other taxation services	-	6
	32	25

7 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Production	28	29	-	-
Sales	4	6	-	-
Administration	11	20	-	-
	43	55	-	-

Their aggregate remuneration comprised:

	Group 2019 £ 000	2018 £ 000	Company 2019 £ 000	2018 £ 000
Wages and salaries	2,729	2,740	-	-
Social security costs	297	277	-	-
Pension costs	267	209	-	-
	3,293	3,226	-	-

8 Interest payable and similar expenses

	2019	2018
	£ 000	£ 000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	16	43
Interest payable to group undertakings	1,668	1,715
Other interest on financial liabilities	7	5
	1,691	1,763
Other finance costs:		
Other interest	24	54
Total finance costs	1,715	1,817

9 Taxation

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

	2019	2018
	£ 000	£ 000
Loss before taxation	(4,808)	(4,325)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(914)	(822)
Tax effect of expenses that are not deductible in determining taxable profit	415	223
Deferred tax asset not provided	499	598
Other adjustments	-	1
Taxation charge	-	-

10 Intangible fixed assets

Group	Goodwill	Development costs	Total
	£ 000	£ 000	£ 000
Cost			
At 1 April 2018	5,032	29	5,061
Disposals	-	(29)	(29)
At 31 March 2019	5,032	-	5,032
Amortisation and impairment			
At 1 April 2018	4,775	-	4,775
Amortisation charged for the year	29	-	29
At 31 March 2019	4,804	-	4,804

10 Intangible fixed assets **(Continued)**

Carrying amount			
At 31 March 2019	228	-	228
At 31 March 2018	257	29	286

The company had no intangible fixed assets at 31 March 2019 or 31 March 2018.

11 Tangible fixed assets

Group	**Leasehold improvements**	**Plant and equipment**	**Fixtures and fittings**	**Motor vehicles**	**Total**
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Cost					
At 1 April 2018	300	1,304	171	50	1,825
Additions	-	12	-	-	12
At 31 March 2019	300	1,316	171	50	1,837
Depreciation and impairment					
At 1 April 2018	145	1,267	167	46	1,625
Depreciation charged in the year	28	34	3	4	69
At 31 March 2019	173	1,301	170	50	1,694
Carrying amount					
At 31 March 2019	127	15	1	-	143
At 31 March 2018	155	37	4	4	200

The company had no tangible fixed assets at 31 March 2019 or 31 March 2018.

12 Fixed asset investments

		Group		**Company**	
		2019	**2018**	**2019**	**2018**
	Notes	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Investments in subsidiaries	**13**	-	-	1,612	1,612

The share capital of EFC Americas Inc is held by Electro-Flow Controls Limited.

On 2 October 2018, Celeris Engineering Limited was dissolved.

On 3 December 2019 Shallow Red Limited (formerly Deep Blue Engineering Solutions Limited) was dissolved.

12 Fixed asset investments **(Continued)**

Movements in fixed asset investments
Company

	Shares in group undertakings
	£ 000
Cost or valuation	
At 1 April 2018 and 31 March 2019	1,612
Carrying amount	
At 31 March 2019	1,612
At 31 March 2018	1,612

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct	% Held Indirect
EFC Americas Inc.	USA	Manufacture of drilling instrumentation products for sale to the oil and gas industry	Ordinary	100.00	
Electro-Flow Controls Limited	Scotland	Manufacture of drilling instrumentation products for sale to the oil and gas industry	Ordinary	100.00	
Shallow Red Limited	Scotland	Research and development on natural sciences nd engineering	Ordinary	100.00	

Registered office addresses (all UK unless otherwise indicated):

1 1424 W Sam Houston Parkway, Suite 140, Houston, Texas, 77043
2 6 Queens Road, Aberdeen, AB15 4ZT
3 6 Queens Road, Aberdeen, AB15 4ZT

14 Financial instruments

	Group 2019	2018	Company 2019	2018
	£ 000	£	£ 000	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	5,349	7,088	360	-
Carrying amount of financial liabilities				
Measured at amortised cost	20,863	15,667	13,406	10,936

15 Stocks

	Group 2019	2018	Company 2019	2018
	£ 000	£ 000	£ 000	£ 000
Finished goods and goods for resale	32	-	-	-

16 Debtors

	Group 2019	2018	Company 2019	2018
Amounts falling due within one year:	£ 000	£ 000	£ 000	£ 000
Trade debtors	1,470	1,190	-	-
Gross amounts owed by contract customers	319	957	-	-
Corporation tax recoverable	11	386	-	-
Amounts owed by group undertakings	3,879	4,941	360	-
Other debtors	54	-	-	-
Prepayments and accrued income	88	154	-	-
	5,821	7,628	360	-

17 Creditors: amounts falling due within one year

	Group 2019	2018	Company 2019	2018
	£ 000	£ 000	£ 000	£ 000
Trade creditors	1,017	1,345	-	-
Amounts owed to group undertakings	1	513	278	588
Other taxation and social security	147	105	-	-
Other creditors	2,560	1,619	250	226
Accruals and deferred income	374	1,102	-	-
	4,099	4,684	528	814

18 Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£ 000	£ 000	£ 000	£ 000
Amounts owed to group undertakings	16,911	13,584	12,878	10,122

Amounts due to parent undertakings are payable in over 1 year, but with no fixed repayment date. Interest is charged at 15%. These balances are unsecured.

19 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£ 000	£ 000
Charge to profit or loss in respect of defined contribution schemes	267	214

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.

20 Share capital

	Group and company	
	2019	2018
Ordinary share capital	£ 000	£ 000
Issued and fully paid		
188,000 Ordinary A Shares of 1p each	2	2
100,000 Ordinary A1 Shares of 1p each	1	1
513,000 Ordinary B Shares of 1p each	5	5
15,300 Ordinary C Shares of 1p each	-	-
83,700 Ordinary D Shares of 1p each	1	1
288,000 Ordinary F Shares of 1p each	3	3
180,000 Ordinary G Shares of 5p each	9	9
	21	21

20 Share capital (Continued)

Voting rights
Each Ordinary A, B, C, D and G share, entitle the holder to a vote on any matters with which shareholders have the right to vote. Ordinary 1A and F shares do not entitle the holder to a vote on any matters with which shareholders have the right to vote.

Dividends
Each Ordinary A, A1, B, C, D and G share is ranked equally for the purpose of the distribution of dividends. These shares rank behind that of preference shares. The holders of Ordinary F shares have no entitlement to participate any dividends from the company.

Redemption and Pre-emption
There are no rights of redemption for any class of Ordinary shares. There are rights of pre-emption for all classes of Ordinary shares. With respect Ordinary F shares, share sales shall be offered.

Capital Distribution
On a return of capital, whether on liquidation or capital reduction or otherwise (other than a redemption of purchase of shares) the surplus assets of the company remaining after payment of its liabilities will be distributed as follows:
1. In paying the holders of F Ordinary shares in respect of each F Ordinary share held, a sum equal to the F ordinary share value (if any) divided by the number of F Ordinary shares in issue.
2. In paying the holders of G Ordinary shares in respect of each F Ordinary share held, a sum equal to the G ordinary share value (if any) divided by the number of F Ordinary shares in issue.
3. In paying the holders of A Ordinary shares, A1 Ordinary shares, B Ordinary shares, C Ordinary shares and D ordinary shares as if they represented one class of
share, a sum equal to the applicable share value (if any) divided by the number of such Ordinary shares in issue.

21 Other reserves

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares.
The profit and loss reserve represents cumulative profits or losses.

22 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		Company	
	2019	2018	2019	2018
	£ 000	£ 000	£ 000	£ 000
Within one year	364	333	-	-
Between two and five years	1,458	1,332	-	-
In over five years	2,867	3,367	-	-
	4,689	5,032	-	-

23 Events after the reporting date

In late 2019, as part of the restructuring of the wider Group, SF Offshore Power and Control Bidco Limited and SF Offshore Power and Control Topco Limited were both dissolved on 1 October 2019. Shallow Red Limited was dissolved on 3 December 2019. Group loans payable after more than one year of £12,878,125 were written off

The loan balance due to Shallow Red Limited included in amounts owed to group undertakings at 31 March 2019 amounting to £694,119 was formerly waivered through a special written resolution which was passed on 2 December 2019.

24 Related party transactions

The Group has taken advantage of the exemptions under FRS 102 section 33, with regard to non-disclosure of transactions between group companies which are eliminated in the consolidated financial statements.

25 Controlling party

On 30 November 2018, the larger group was restructured to eliminate all bank and shareholder debt, simplify the group structure and inject £3m in cash into the group. Of this cash injection, £1.2m was paid in settlement against the bank debt and the remainder used in the business. All cross-guarantees and floating charges were satisfied as part of the bank and shareholder debt elimination. As part of this restructure the company and fellow subsidiaries were acquired by E-Flow Control Holdings Limited which is considered to be the ultimate controlling party.

26 Cash generated from/(absorbed by) group operations

	2019	2018
	£ 000	£
Loss for the year after tax	(4,808)	(4,325)
Adjustments for:		
Finance costs	1,715	1,817
Amortisation and impairment of intangible assets	29	29
Depreciation and impairment of tangible fixed assets	69	190
Movements in working capital:		
(Increase)/decrease in stocks	(34)	752
Decrease/(increase) in debtors	1,432	(13)
Increase in creditors	2,743	1,084
Cash generated from/(absorbed by) operations	1,146	(466)

27 Cash generated from operations - company

	2019	2018
	£ 000	**£**
Loss for the year after tax	(2,110)	(5,188)
Adjustments for:		
Finance costs	1,692	1,467
Amounts written off investments	-	5,188
Movements in working capital:		
Increase in debtors	(360)	-
Increase in creditors	2,470	-
Cash generated from operations	1,692	1,467