Reservoir Colombia Limited

Report and financial statements

Year ended 31 December 2020

Registered number SC394385

Contents

Reservoir Colombia Limited

Directors and Advisors

Directors

C Bernert
J Udelhofen
D Sweeney

Registered office

1 George Square
Glasgow
G2 1AL

Company Secretaries

Dentons Secretaries Limited
One Fleet Place
London
EC4M 7WS

Independent auditors

Ernst & Young LLP
4th Floor
2 Marischal Square
Broad Street
Aberdeen
AB10 1BL

Solicitor

Dentons UK and Middle East LLP
1 George Square
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G2 1AL

Bankers

HSBC Bank Plc
2 Queens Road
Aberdeen
AB15 4ZT

Reservoir Colombia Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2020.

The Company has met the requirements in the Companies Act 2006 to obtain the exemption provided, based on its size, from the presentation of a strategic report.

Principal activities
The principal activity of the Company during the year was that of the provision of coring services to the oil and gas industry. The Company's activity is based in Colombia and operates entirely within South America.

Business review
The loss after tax for the year amounted to $218,000 *(2019: loss of $1,031,000)*. Due to the global downturn in the oil and gas market, the directors decided to fully amortise the Company's remaining intangible fixed assets and to fully depreciate certain tangible fixed assets.

There are no key financial performance indicators specific to the Company.

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 it will continue to make available such funds and guarantees as are needed by the Company until 31 December 2023. 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.

Directors

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

C Bernert	
J Lambea	(resigned on 11 August 2020)
M Brausse	(resigned on 11 August 2020)
J Udelhofen	(appointed on 11 August 2020)
K Nasr	(appointed on 11 August 2020, resigned on 18 February 2022)
D Sweeney	(appointed 18 February 2022)

Directors' report *(continued)*

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.

On behalf of the board

D Sweeney

D Sweeney
Director
28 October 2022

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

The directors are responsible for preparing 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;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Reservoir Colombia Limited

Opinion

We have audited the financial statements of Reservoir Colombia Limited for the year ended 31 December 2020 which comprise the Profit and loss Account and Other Comprehensive Income, the Balance Sheet and 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" (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 December 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period until 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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.

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.

Independent auditor's report to the members of Reservoir Colombia Limited (continued)

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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditor's report to the members of Reservoir Colombia Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud *(continued)*

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
- We understood how Reservoir Colombia Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures and corroborated responses by obtaining and reviewing supporting documentation including a review of board minutes and consideration of the results of our audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries with management to understand and identify the internal policies and procedures related to the identification and monitoring of fraud risks. We also considered the opportunity and incentives for the perpetration of fraud based on our understanding of the business.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries with management, journal entry testing designed to identify unusual activity and lower testing thresholds applied to financial statement accounts with deemed higher risk of fraud. Transactions sampled were agreed to source documentation or independent confirmation, ensuring appropriate authorisation and to ensure transactions were valid and fully supportable.

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.

Ernst & Young LLP

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

28 October 2022

Profit and Loss Account and Other Comprehensive Income
for year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Turnover		**335**	109
Cost of sales		**(315)**	(135)
Gross profit / (loss)		**20**	(26)
Administrative expenses	*2*	**(233)**	(1,000)
Operating loss	*3*	**(213)**	(1,026)
Interest receivable and similar income	*5*	-	1
Interest payable and similar charges	*6*	**(2)**	(2)
Loss on ordinary activities before taxation		**(215)**	(1,027)
Tax on loss on ordinary activities	*7*	**(3)**	(4)
Loss for the financial year and total comprehensive loss		**(218)**	(1,031)

All items in the profit and loss account relate to continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

Balance Sheet
at 31 December 2020

	Note	2020	2019
		$'000	$'000
Fixed assets			
Intangible assets	*8*	**-**	85
Tangible assets	*9*	**456**	752
		456	837
Current assets			
Stocks	*10*	**119**	228
Debtors	*11*	**164**	138
Cash at bank and in hand	*12*	**52**	16
		335	382
Creditors: amounts falling due within one year	*13*	**(1,888)**	(2,098)
Net current liabilities		**(1,553)**	(1,716)
Net liabilities		**(1,097)**	(879)
Capital and reserves			
Called up share capital	*15*	**3,000**	3,000
Capital Contribution		**2,797**	2,797
Profit and loss account		**(6,894)**	(6,676)
Deficit on shareholders' funds		**(1,097)**	(879)

The notes on pages 11 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 28 October 2022 were signed on its behalf by:

D. S

D Sweeney
Director

Company Registered Number: SC394385

Statement of Changes in Equity

	Called up Share capital	Capital Contribution	Profit & loss account	Total equity
	S'000	**S'000**	**S'000**	**S'000**
Balance at 1 January 2019	3,000	2,076	(5,645)	(569)
Total comprehensive loss for the year				
Loss for the year	-	-	(1,031)	(1,031)
Capital contribution received from parent company	-	721	-	721
Total comprehensive loss for the year	-	721	(1,031)	(310)
Balance at 31 December 2019	**3,000**	**2,797**	**(6,676)**	**(879)**
Balance at 1 January 2020	3,000	2,797	(6,676)	(879)
Total comprehensive profit for the year				
Loss for the year	-	-	(218)	(218)
Total comprehensive loss for the year	-	-	(218)	(218)
Balance at 31 December 2020	**3,000**	**2,797**	**(6,894)**	**(1,097)**

Notes
(forming part of the financial statements)

1 Accounting policies

Reservoir Colombia Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

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"*) as issued in August 2014. 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 immediate 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. 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 recon reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time.

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 company continues to adopt the going concern basis in preparing its financial statements on the basis that the directors consider that the company has adequate resources to continue its operations for the foreseeable future.

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 it will continue to make available such funds and guarantees as are needed by the Company until 31 December 2023. 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.

1.3 Revenue

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from the rental of equipment is accrued and recognised over the period which the rental occurs. Revenue in respect of formation evaluation services, specialist well services and geoscience and data services is recognised as the service is rendered.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 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.

1.5 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 for the purpose only of the cash flow statement.

1.6 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combinations from which it arose.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Customer relationship rights 10 years

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

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.

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.

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:

- Plant and machinery 5-10 years
- Fixtures and Fittings 3 years
- Motor Vehicles 5 years

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.

1.8 Impairment

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 estimate 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 are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets 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 estimate 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"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or group of CGUs on a non-arbitrary basis, the

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Impairment (continued)

impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimate 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.

1.9 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.

1.10 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.

1.11 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.12 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 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Taxation (continued)

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

2 Turnover

Turnover represents the value of services provided from the Company's principal activity after deduction of discounts and sales tax

By geographical market

	2020 $'000	2019 $'000
South America	**335**	109

3 Loss on ordinary activities

Loss on ordinary activities before taxation is stated after charging:

	2020 $'000	2019 $'000
Intangible asset - Amortisation (note 8)	**85**	46
Tangible fixed assets - Depreciation (note 9)	**57**	46
Loss on disposal of tangible fixed assets	**46**	-
Operating Lease rentals	**19**	37
(Gain) / loss on foreign exchange transactions	**(139)**	177
Audit of these financial statements	**10**	10

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

Notes *(continued)*

4 Employee costs & director remuneration

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

	Number of employees	
	2020	2019
Operational, distribution and sales	**7**	7
Administration	**3**	3
	10	10

The aggregate payroll costs of these persons were as follows:

	2020	2019
	$'000	$'000
Wages and salaries	**307**	300
Social security costs	**12**	39
Contributions to defined contribution plans (note 14)	**9**	17
	328	356

None of the directors received any remuneration from the Company during the year (2019 : nil).

5 Interest receivable and similar income

	2020	2019
	$'000	$'000
Interest receivable	**-**	1
Total other interest receivable and similar income	**-**	1

6 Interest payable and similar charges

	2020	2019
	$'000	$'000
Interest payable	**2**	2
Total other interest payable and similar charges	**2**	2

Notes *(continued)*

7 Taxation

(a) Tax on loss on ordinary activities

	2020 **$'000**	2019 $'000
Current tax		
Overseas corporation tax	**3**	4
Total current year tax charge	**3**	4

(b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard effective rate of corporation tax in the UK of 19% (year ended 31 December 2019: 19%). The differences are explained below:

	2020 **£000**	2019 £000
Loss before taxation	**(216)**	(1,027)
Tax at the UK corporation tax rate of 19% *(2019: 19%)*	**(41)**	(195)
Non-deductible expenses	**1**	2
Overseas taxes	**3**	4
Deferred tax not recognised	**40**	193
Total current tax charge	**3**	4

(c) Factors affecting future tax charges

Due to tax losses carried forward in the UK, the Company does not expect to pay UK tax for the next few years, while it may surrender tax losses to fellow UK companies which will reduce its unrecognised deferred tax asset.

Notes *(continued)*

8 Intangible assets

	Goodwill $'000	Customer Relationship Rights $'000	Total $'000
Cost			
At 1 January 2020	2,346	463	2,809
At 31 December 2020	2,346	463	2,809
Amortisation and impairment			
At 1 January 2020	2,346	378	2,724
Charge for the year	-	85	85
At 31 December 2020	2,346	463	2,809
Net book value			
At 1 January 2020	-	85	85
At 31 December 2020	-	-	-

Due to the continuing global downturn in the oil and gas market, the directors decided to fully amortise the company's remaining intangible assets during 2020.

9 Tangible fixed assets

	Plant and machinery $'000	Fixtures & Fittings $'000	Motor Vehicles $'000	Total $'000
Cost				
Balance at 1 January 2020	1,622	85	152	1,859
Additions	41	-	-	41
Disposals	(280)	-	-	(280)
At 31 December 2020	1,383	85	152	1,620
Accumulated Depreciation				
At 1 January 2020	934	60	113	1,107
Charge for the year	49	4	4	57
At 31 December 2020	983	64	117	1,164
Net book value				
At 31 December 2019	688	25	39	752
At 31 December 2020	**400**	**21**	**35**	**456**

Notes *(continued)*

10 Stocks

	2020	2019
	£000	£000
Finished goods and consumables	**119**	228

11 Debtors

	2020	2019
	$'000	$'000
Trade debtors	**9**	15
Overseas taxes	**155**	123
	164	138

12 Cash and cash equivalents

	2020	2019
	$'000	$'000
Cash at bank and in hand	**52**	16

13 Creditors: amounts falling due within one year

	2020	2019
	$'000	$'000
Amounts owed to group undertakings	**1,762**	1,981
Overseas taxes	**6**	7
Other creditors and accruals	**120**	110
	1,888	2,098

14 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 $9,000 *(2019: $17,000)*.

Notes *(continued)*

15 Capital and reserves

Share capital

	2020 $'000	2019 $'000
Allotted, called up and fully paid		
30,000 Ordinary shares of $100 each	**3,000**	3,000

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.

16 Related parties

During the year the company entered into transactions, in the ordinary course of business, with the following related parties which are not part of the Reservoir Group Limited group pf companies.

	2020		2019	
Related party:	**Sales to related parties $'000**	**Purchases from related parties $'000**	Sales to related parties $'000	Purchases from related parties $'000
Corpro Inc	76	262	244	1,625
Reservoir Group Inc	-	138	-	-

17 Ultimate parent company and parent company of larger group

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

The smallest group within which the results of the company are consolidated is that of Reservoir Group Limited, a company registered in Scotland. The consolidated financial statements of Reservoir Group Limited are available publicly from Companies House.

The largest group within which the results of the company are consolidated is that of Madison Industries International Holdings LLC. The consolidated financial statements of Madison Industries International Holdings LLC are not publicly available.