

**Society of Petroleum Engineers Europe Limited**

Consolidated financial statements for the year ended 31 March 2020

Registered number: 2778741

Registered charity number: 1017482

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Registered charity number: 1017482

**Trustees**

Stephen Graham

James Rawes

Karl Ludvig Heskestad

John Joseph Healy

**Company Secretary**

John Joseph Healy

**Registered Office**

Fourth Floor West

America House

2 America Square

London EC3N 2LU

## Trustees' report

### **Independent Auditors**

RSM UK Audit LLP  
25 Farringdon Street  
London, EC4A 4AB

### **Bankers**

Barclays Bank  
Pall Mall Corporate Group  
50 Pall Mall  
London SW1A 1QA

### **Solicitors**

Lee Bolton Monier-Williams  
1 The Sanctuary  
Westminster  
London SW1P 3JT

### **Investment Advisors**

UBS AG  
1 Finsbury Avenue  
London EC2M 2AN

Fidelity International  
4 Cannon Street  
London EC4M 5AB

### **Internal Auditors**

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2A 1AG

## Trustees' report (continued)

For the year ended 31 March 2020

The Trustees, who are also the Directors, present their report for the purposes of Company Law together with the consolidated financial statements and independent auditor's report for the year ended 31 March 2020.

### **Trustees and their Interests**

The Trustees, who are also the Directors, who served during the year were as follows:

Stephen Graham

James Rawes

Karl Ludvig Heskestad

John Joseph Healy (appointed 31 May 2019)

The Trustees are appointed on the recommendation of the Board of Directors of the parent undertaking and the existing Trustees and in accordance with the Companies Act 2006.

### **Principal Officer and Company Secretary**

John Joseph Healy – Human Resources Director and Company Secretary

Philip Chandler – Director, European and Caspian Events, Sales & Marketing

James Rawes – VP Sales, Marketing and Business Development

### **Structure, Governance and Management**

#### **Governing Document**

Society of Petroleum Engineers Europe Limited, company registration number: 2778741 and charity registration number: 1017482, is a company limited by shares, which was incorporated on 6 January 1993 and commenced trading on 1 March 1993. It is a subsidiary undertaking of Society of Petroleum Engineers (SPE) Inc, tax identification number 75-2001539, a charitable company incorporated and operating in the USA. The objects of the Company are set out in its Memorandum and Articles of Association. In February 1993, the Company was registered as a charity, with the purpose of aiding the dissemination of petroleum engineering knowledge through a variety of programmes including publications, specialist meetings, scholarships and internet based services.

## Trustees' report (continued)

For the year ended 31 March 2020

### Appointment of Trustees

#### Trustees, Induction and Training

New Trustees are recruited from the Society's membership and are identified by peer review. A Trustee induction handbook is provided to new Trustees. This handbook is divided into four units, designed to (1) safeguard the values and mission of the organisation; (2) determine the strategy and structure of the organisation; (3) ensure the organisation operates in a responsible and accountable manner; and (4) ensure the effective functioning of the board. Trustees are provided with ongoing training and support as required to enable them to fulfil their duties effectively.

The Trustees of the board are not remunerated for the service that they provide to the Charity as Trustees of the board but where they fulfil other employment activities for the SPE group, they will receive remuneration from the Group. In such cases, remuneration is benchmarked against appropriate external data and reviewed by senior management, and if appropriate, the remuneration committee of SPE Inc on a regular basis.

### Organisation

The SPE Inc Board is comprised of the SPE International officers. The SPE Inc Board is responsible for broad financial and operational oversight for the organisation.

Each regional board, including the Board of Trustees of the Society of Petroleum Engineers Europe Limited, is comprised of Directors selected at-large from within the region. Having at-large Directors serving on those boards gives a broad-based representation that enhances the decisions of those boards. The regional subsidiary boards have general fiduciary and operational oversight responsibility for the subsidiary operations.

In summary, the responsibilities of the various governing bodies are as follows:

- The SPE International Board is responsible for policy and programme development for the Society's worldwide activities.
- The SPE Inc Board has fiduciary and operational oversight responsibility for the entire organisation; and
- The regional subsidiary boards have fiduciary and operational oversight responsibility for the subsidiary operations.

The SPE Chief Executive Officer (CEO) together with the Chief Operations Officer (COO) manages the worldwide staff operations. Each subsidiary has an Events Director who oversees the regional operations. The Events Directors report to the Chief Operations Officer. The Chief Executive Officer and Chief Operations Officer work closely with the Society officers and each of the governing bodies in making decisions and setting direction. Generally, the SPE International Board sets strategic direction and establishes policies after consultation with staff. Additionally, staff consult with the appropriate governing body on major operational issues, but staff have responsibility for operational decisions and execution of board-approved programmes.

## Trustees' report (continued)

For the year ended 31 March 2020

### Strategic Report

#### Objectives and Activities

The objectives and principal activities of Society of Petroleum Engineers Europe Limited continue to be in line with the vision of SPE International, which is to “enable the global oil and gas E&P industry to share technical knowledge needed to meet the world’s energy needs in a safe and environmentally responsible manner”, which guides the overall mission “to collect, disseminate, and exchange technical knowledge concerning the exploration, development and production of oil and gas resources, and related technologies for the public benefit; and to provide opportunities for professionals to enhance their technical and professional competence”.

The Group achieves its objectives through a variety of programmes including publications, technical meetings, scholarships, educational programmes, training courses and web based services.

#### Public Benefit

In planning our activities to meet our objectives our Trustees have given careful consideration to the Charity Commission’s general guidance on public benefit.

The Society believes that the key aspects of public benefit will be achieved by:

Development of the Exploration and Production (E&P) Industry workforce. SPE is the technical and professional home for those engaged in all aspects of the upstream oil and gas industry. All charitable activities focus on sharing of knowledge that keeps the E&P industry sustainable and are undertaken to further our charitable purpose to collect, disseminate, and exchange technical knowledge concerning the exploration, development and production of oil and gas resources, and related technologies for the public benefit.

By addressing technical challenges, as the largest upstream professional society, SPE provides a worldwide forum for sharing technology, knowledge and the latest solutions for overcoming the technical challenges of finding and producing more oil and natural gas. SPE also helps address critical issues of the future such as sustainability of energy supplies and carbon sequestration.

By preparing the next generation of energy professionals for careers in our industry, SPE’s programmes help by offering both professional and skill development through workshops, training courses, publications, Section activities and online mentoring.

By working with schools and universities to attract more young people to our profession with scholarships, our global energy multilingual education outreach programme, Energy4me, the SPE Ambassador programme and teacher workshops and education events aimed at students and school children.

By maintaining high professional standards by offering members continuing education options globally. SPE Petroleum Engineering Certification offers an international credential recognising petroleum engineering expertise.

## Trustees' report (continued)

For the year ended 31 March 2020

### **Distinguished Lecturer Programme**

The Distinguished Lecturer Programme, available to Sections throughout the world, is one of the most popular SPE-administered programmes. This annual programme began in 1961 with three highly regarded "Distinguished Lecturers." Currently SPE sends 30 to 35 lecturers to 191 Sections providing three lectures per season, which averages 550 presentations per programme year.

The programme is a key component of SPE's technology dissemination mission. The programme is designed to provide Sections with outstanding, expert speakers for Section meetings. It also recognises the professional contributions of those selected as Distinguished Lecturers.

Every compliant SPE Section is now entitled to up to two Distinguished Lecturer presentations each year. The programme runs from September through June. Rising travel costs and the reduced number of flights to some of the more remote locations continue to provide challenges in scheduling lecturer visits as we add new Sections.

The Distinguished Lecturer Committee selects topics and individual lecturers each year. Each lecturer chosen by the Distinguished Lecturer Committee is an authority in his or her field and a competent public speaker. Potential lecturers are selected in May and finalised in September/October for the following programme year. The cost of this programme continues to grow annually due to increases in travel expenses worldwide. This trend is compounded by our increasing number of new Sections in remote locations, which adds to the airline and travel expenses required to send our lecturers there. Recognising the importance of the programme to the industry globally this is one of the programmes which SPE Europe funds.

### **Regional Star Scholarships**

In 2009, SPE launched the scholarship programme to support both undergraduate and graduate studies. Through this programme, SPE committed approximately USD 1,000,000 annually, funding this programme through member advantage funds. Each of the 16 regions has customised the number and value of scholarships and fellowships to align with the needs of the region. Each region can award USD 5,000 for undergraduate scholarships and USD 10,000 for graduate fellowships. Both the scholarships and fellowships are renewable yearly, for up to four years, until graduation or a degree completion occurs.

In 2015 it was confirmed that this would be the final year that new Star Scholarships and Fellowships would be awarded but SPE would continue to honour pre-existing awards. As a result, each year since 2015, fewer payments are made and the final 4th year instalments were honoured to the recipients in 2019. In 2016 approximately 80 payments were made at a cost of USD 377,000, 26 of which going to members under the jurisdiction of SPE Europe. In 2017 USD 162,500 was made to 35 people 2 of which in Europe. The final year of payments in 2018 totalled USD 77,500 made to 17 people, 2 of which reside in Europe. This programme has now stopped making any payments and will remain suspended for new applicants until further notice.

### **Current Position and Future Strategy**

The main objectives for the forthcoming year, as well as the Trustees' assessment of the Group's actual performance for this year, are set out below:

## Trustees' report (continued)

For the year ended 31 March 2020

### Technical Meetings

The Group conducts its trading activities through its two trading subsidiaries, SPE Ventures Limited and SPE Trading Limited. These companies organise and hold workshops, training courses and conferences to further the aims of the charitable organisation.

The overall aim of the Group is to disseminate technical information through technical conferences and meetings:

In FY20, 17 events were held in Europe, Russia and the Caspian, which were attended by SPE professional members, students and non-members. This figure includes conferences, workshops and Symposiums. The focus for FY20 was moving Offshore Europe to the new venue in Aberdeen and the launch of a new HSSE event in Kazakhstan.

In FY21, SPE Europe will continue to sustain its core objective of the dissemination of technical knowledge with 12 events scheduled across the region. During the COVID -19 situation, the main emphasis for FY21 will be making sure as many of the planned events will take place either as in-person or as virtual events.

### Educational Programmes

SPE continues to maintain and add information to the Society's online resources and educational publications and services.

#### OnePetro

OnePetro, a multi-society online library, contains over 160,000 technical papers from SPE as well as 18 other publishing partners. OnePetro is supported by subscriptions from academic and corporate institutions as well as individual paper sales. The technical resources available on OnePetro continue to grow with peer-reviewed journal articles as well as proceedings from conferences held worldwide being added monthly. The majority of papers are in the English language; however, there are also papers available in the Russian language.

#### Energy4Me

The Energy4me (e4me) programme to educate school aged children and their teachers and parents about the industry also continues to grow with materials now available in seven languages and used globally by schools. Regional websites allow easy access to SPE's information. The programme is particularly strong in Scotland championed by the Aberdeen section and again will feature in Offshore Europe this year. Kazakhstan has a strong development plan for FY21 and will continue to hold e4me schools events alongside the SPE Annual Caspian Technical conference.

#### Training Courses

Training courses are still very much in the recovery phase and being hit again with budget constraints.

#### Scholarships and Fellowships

5 Scholarships and Fellowships are continuing to be awarded each year which are operated by staff in the SPE London Office and award students around the world. This includes the SPE Foundation Gus Archie Scholarship (one winner receiving USD 5,000 for up to 4 years), SPE Foundation Nico van Wingen Graduate Fellowship (one winner receiving



## Trustees' report (continued)

For the year ended 31 March 2020

USD 5,000 for up to 4 years), Henry DeWitt Smith Memorial Fellowship (one winner single payment of USD 5,000) and the Imomoh Scholarship (four winners with a single payment of USD 2,000). In November 2019 applications also opened for a new Scholarship called the Donald G. Russell Scholarship which gives 2 recipients a one time payment of USD 4,000 and the first payment for the programme is due to go out in the summer of 2020.

From 2016, the Scholarships programme is administered by a coordinator in the London Office representing the Young Member Programs, prior to this it was managed by the Membership Team based in the Dallas Office with additional coordination for applications from regional office staff.

### Student Paper Contests

In 2019 14 regional contests continued to be run annually with the winners offered an expenses paid trip to compete internationally at the SPE Annual Meeting in October 2019, with other regional winners. Up to 42 winners (three per 14 regional contests). The winners are awarded funding to cover return flights, four nights' accommodation, event registration and VISA costs if required. Where possible these costs are paid for directly but in some situations, reimbursements are made directly to students who have already covered the costs themselves. Winners of this international competition are awarded a financial prize of USD 1,000 utilizing sponsorship gained for the program. This is processed by the Young Member Programs Team in the London Office.

Given the travel restrictions of COVID-19 the winners of the 2020 contests hosted from February 2020 to July 2020 will not be offered paid travel to ATCE, and this prize will be deferred to 2021. A nominal prize of USD 500 will be given to students in the meantime through regional programme budgets.

### Distinguished Lecture Programme

This programme, outlined above, remains a great success being extremely valued by the membership globally. SPE Europe will continue to fund this important programme.

### Awards Programme

With awards presented at a Section, regional and international level SPE members achieve recognition amongst their peers within the industry.

### Certification Programme

Certification exams continue to be run to give a qualification for those who choose to study hard for and take this multidisciplinary open book exam. High value is placed by the industry on those who can claim achievement of this qualification.

## Trustees' report (continued)

For the year ended 31 March 2020

### Sections

SPE members are all affiliated to a local Section. Sections are located around the world and provide an operating framework for all major society activities. Sections are semi-autonomous units and self-governing within the framework of SPE policies. Section members elect officers and directors annually. Sections are organized into regions, and each region has representation on the SPE Board of Directors.

This structure allows for members based geographically close to each other the opportunity to network with other members through meetings and events at a local level. Some Sections are larger and some more active than others. In FY20 we saw the establishment of new Sections in this region in Dorset, N'Djamena and Novy Urengoy. In FY21 new Sections will continue to be established as the membership continues to grow across the regions.

### Student Chapters

Student Chapters are all affiliated with an academic establishment offering a relevant petroleum engineering related course. In FY20 there were six new Student Chapters established within our Region. The universities were based in France, Nigeria, Cameroon, Ghana and Serbia. In the coming year, new Chapters will continue to be established allowing SPE to continue the connection between students and our professional membership to secure the future of the industry workforce. There continues to be a strong growth in Student Chapters, however the criteria for establishing Student Chapter have been tightened.

SPE Europe will continue to work in the year ahead to identify programmes and projects that meet our mission. The Trustees review new programmes regularly, which they can support and new projects are regularly assessed for their value.

### Achievements and Performance

All of SPE's initiatives and activities are directed and organised by its members, with staff support. All such initiatives and activities are regularly reviewed and assessed by the membership, by use of membership and non-membership surveys. In addition, rigorous Key Performance Indicators set by the SPE Board of Directors regularly review and measure performance in all areas of the Society's work, including Publications and Periodicals, Technical Meetings and Conferences, Audit and Administration, Internet-Based Services and Member Services.

### Risk Management

The Trustees have continued their overview during the year to examine the major strategic, business and operational risks which the charity faces. Society of Petroleum Engineers Europe and its related entities face multiple risks. These various risks are normal and customary as they relate to Society of Petroleum Engineers Europe's business. In addition to management's assessment of these risks, SPE's internal audit function has been actively auditing SPE's operations in London for over five years as well as more recently in Moscow. Throughout this timeframe, internal audit has observed, and reports that, the risks listed below are effectively managed in accordance with standard SPE and industry practices.

## Trustees' report (continued)

For the year ended 31 March 2020

### Strategic Risks (External)

- Political unrest – political issues/changes, e.g. Russia, Middle East, Africa
- Economic environment – 'Great Recession', banking issues, stagnant economic growth
- Social activism – oil spill(s), public perception/image of oil industry
- Cultural factors – diversity of religion(s), migration, aging of customer base

### Business Operating and Financial Risks (Internal)

- Processes – support SPE's mission; membership growth, event management
- Personnel – hiring, retention/attrition, training, growth
- Compliance – FCPA, UK Bribery Act, Charity Commission for England and Wales, Data Protection and privacy laws
- Sanctions – observing legal restrictions applicable to designated countries
- Traditional financial risks – addressed by the internal audit department; risk assessment, audit planning, systems and processes, evaluation of internal control(s) design, substantive testing of all major classes and categories of financial transactions, fraud awareness

### External risks

SPE Europe's management has remained aware of the primary external risks and has taken measures, such as cancelling, moving and rescheduling of events that might present security or safety risks to attendees, sponsors and staff. There are no examples where any known significant risk was ignored.

Without doubt the current situation with COVID19 has had a major effect on the ability to run in person events. It has not been possible to run any of the scheduled in person events to date in 2020. It is highly unlikely we will be running any in person events in the 2020 calendar year. No events have been cancelled, but postponed to Q3 & Q4, and will be run as virtual events. Due to the nature of virtual events we will see an upturn in attendees, but due to pricing variations, we will see an overall drop in total revenues.

Events that have been postponed to Q1 of 2021 are being planned to take place virtually, it is highly likely we will see a continuation of reduced revenues due to reduced pricing of virtual events.

### Internal risks

SPE Europe's management has identified and improved its primary business processes consistently over time. Personnel levels are expanded or reduced as necessary and properly trained. Management has taken steps to ensure compliance with all applicable regulations promulgated by the governing bodies such as the Charity Commission for England and Wales and has acted proactively to ensure compliance with current regulations. Management has complied with all legal sanctions imposed by all governments involved. Financial risks have been assessed and evaluated by SPE's Internal Audit department. Management has responded positively to recommendations made by Internal Audit.

## Trustees' report (continued)

For the year ended 31 March 2020

### **Financial risk management objectives and policies**

The Trustees constantly monitor the risks and uncertainties facing the Group with particular reference to the exposure on price, exchange rates, credit, liquidity and cash flow risks. Management has procedures in place whereby forward contracts may be used to hedge against foreign exchange risks and credit control procedures are tightly monitored in order to minimise liquidity and cash flow risks. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

### **Reserves policy**

The SPE Europe board regularly reviews the financial position and performance of the charity and its trading subsidiaries and is confident that, despite the current global downturn in oil prices, the organisation has sufficient resources to continue trading as a going concern for the foreseeable future.

The primary purpose of the Reserve Fund (the Fund) for the Society of Petroleum Engineers Europe (SPEU) and the aim of the Trustees' reserves policy is to make available a source of revenues to be used by SPEU or other subsidiaries of SPE Inc to:

- ensure the continuation of normal business activities should SPEU's operating revenues be insufficient to meet expenses during a period of sustained economic distress;
- provide risk funds for the development of member service programmes as approved by the SPE Inc Board of Directors; and
- accommodate minor annual operating surpluses and deficits that may occur from time to time.

The corpus of the SPEU Reserve Fund shall be determined by the total resources expended as reported in the SPEU annual consolidated financial statement, as approved by the SPEU Board of Directors, averaged over a two-year period. Funds in the amount of one-half (6 months) the annual total resources expended should be accumulated for use in future capital expenditures and new ventures. Any amount over the target level for the Reserve Fund balance can be used for any purpose consistent with the Society's charitable status and objects and as approved by the SPEU Board of Directors.

## Trustees' report (continued)

For the year ended 31 March 2020

SPE International has instituted an Advantage Programme which allocated 4% of its global reserve funds towards new initiatives, including Public Energy Education, Dedicated Programmes for the Young, complimentary Meeting Attendance for Academics and Additional Distinguished Lecturer Visits to Local Sections.

	2020	2019	2018
<b>Unrestricted funds</b>	<b>7,997,812</b>	<b>7,206,781</b>	8,437,117
<b>Less:</b> Tangible fixed assets	<b>(235,153)</b>	<b>(238,832)</b>	(33,839)
<b>Less:</b> Programme related investment (subject to annual board approval the intention is to designate funds to the support of the Star scholarship and Distinguished lecture programme administered by the Society of Petroleum Engineers, in line with the 2017 strategic plan)	<b>(0)</b>	<b>(400,000)</b>	(1,000,000)
<b>Level of reserves available for purpose consistent with the Society's charitable status</b>	<b>7,762,659</b>	<b>6,567,949</b>	7,403,278

In line with our reserves policy, the target amount for the SPEU reserves fund for the financial year ending 31 March 2020 is calculated to be equivalent to £3.8m (2019: £4.1m). When compared to the target reserve fund balance of £3.8m, a surplus of £4m (2019: £0.6m) in the level of reserves available for charitable purposes remains.

### Investment Policy and Performance

The charity's policy is to invest in funds whose risk profile is considered to be low to moderate. The aim is to achieve over a period of several years better returns than those achieved by funds with a similar risk profile.

### Financial Review

Details of the results of activity of the Society of Petroleum Engineers Europe itself are set out in the Statement of Financial Activities.

During the year the Society of Petroleum Engineers Europe consolidated Group had incoming resources from charitable activities of £4.5m (2019: £2.8m) and investment losses of £273k (2019: gain of £155k), the Group has expended resources of £3.4m (2019: £4.2m). Taken together with losses on investment assets, there was a gain for the year of £791k (2019: loss of £1.2m). Operating income overall performance of SPE Europe consolidated group was better than budget by £157k for FY2020. Operating expenses were lower than budget by £448k while program performance came in slightly under budget by £291k. Major financial achievements during the year can be attributed to the holding of the Russian Petroleum Conference, the Offshore Europe Conference and the Caspian Technical Conference and Exhibition, all of which took place within this financial year, and performed well compared to budget. The industry remains in difficult times with financial challenges due to lower oil prices. In addition, as the Group enters into the new fiscal year, the impact of the COVID-19 pandemic will create a lot of uncertainty on the financial performance of the Group.

This year the Group's income receivable from the joint ventures amounted to £2.5m (2019: £84k). Over the two-year period Offshore Europe and Engineous (Formerly Intelligent Energy) have historically contributed over £2.7m in profits

## Trustees' report (continued)

For the year ended 31 March 2020

to SPE, this is forecast to slightly decrease in future periods, due to continued tough trading conditions. The partnership with Reed Exhibitions continues to be of critical importance both to SPE Europe and to SPEI's ability to deliver membership programmes such as the Distinguished Lecturer Programme.

Included within the Group's activities analysis of expenditure (note 3) there is £400k sponsorship of the Distinguished Lecturer programme, a cornerstone initiative of the Society's charitable programmes.

At the end of the financial year the Society of Petroleum Engineers Europe consolidated Group carries forward net assets of £7,998,812 (2019: £7,207,781). Listed investments plus cash and bank deposits totalled £7,786,750 (2019: £7,458,713) at the financial year end, comfortably sufficient to meet the Group's short-term obligations to creditors.

### Operations

SPE Europe conducts its trading activities through its two trading subsidiaries, SPE Ventures Limited and SPE Trading Limited. During the year ended 31 March 2020, SPE Ventures Limited made an operating loss of £135,821. The company's main operations relate to the staging of conferences, workshops and training courses for professionals who are employed in the oil and gas industry. During the year ended 31 March 2020, SPE Trading Limited made an operating profit of £2,545,908. The company's main operations relate to the staging of joint venture conferences for professionals who are employed in the oil and gas industry.

The principal source of funding during the year continues to be income from conferences and workshops. In FY20, every effort has been made to keep costs as low as possible to ensure that events are not only relevant to the membership but also affordable. Local advice and recommendations continue to drive the programmes being produced in the emerging regions where events can act as a shop window on the Society and support our growth initiatives in these areas.

Highlights of this year's event programme are as follows:

#### **Russian Petroleum Technology Conference**

More than 800 industry experts from 22 countries and 190+ organisations took part in the 2019 SPE Russian Petroleum Technology Conference. The event included 25 technical sessions and 6 Knowledge Sharing Sessions, where 237 specialists delivered their presentations. During the conference, the delegates visited Opening Panel session, 6 round tables and 3 "Ask the Expert" sessions. YP session, Regional Student Paper Contest and Energy4me Educational Programme for School Students have been successfully run in conjunction with RPTC.

#### **Offshore Europe**

2019 saw the new Aberdeen conference and exhibition centre open with Offshore Europe being the first large scale event. Over 700 people attended the opening plenary session with the Keynote from Patrick Pouyanne – President and CEO of Total. Attendance for the key-note programmes grew by 40% and the final attendance for the exhibition exceeded 38,000 an increase of 13% over 2017 figures.

#### **SPE Symposium: Caspian Health, Safety, Security, Environment and Social Responsibility**

NC JSC Kazmunaigas hosted the first HSE event in the Caspian with over 200 attendees to the twin track 2 day symposium. The event covered a wide range of topics delivered by numerous panel sessions and technical

## Trustees' report (continued)

For the year ended 31 March 2020

papers. Such was the success of the event in promoting collaboration and exchange of ideas and learnings that the Industry has set up quarterly HSE meetings to continue to exchange mutually beneficial information and highlight the importance of HSE. The event was scheduled to run again in 2021, but due to the success of the 2019 event and the current COVID situation a special 1 day symposium will be run alongside the Caspian Technical Conference scheduled for October in Nur-Sultan, Kazakhstan.

### **Digital Transformation in E&P**

The first in a series of digital workshops took place, looking at the bigger picture of how to integrate digitalisation across the full value chain of operations within an energy company rather than looking at technologies. 77 people attended from across Europe and agreed to continue the discussions in the 2nd digital workshop being run in FY21.

### **GAIA Summit**

The inaugural GAIA summit was held in Fontainebleau, France where the foundations of a global set of guidelines and best practices were laid out and agreed by 52 specially invited HSSE experts from across the globe. The GAIA series of webinars have started to be broadcasted with further events planned for FY21/22.

### **Plans for Future Periods**

The key elements of the Charity's medium to long-term strategy are:

- Capability Development
- Knowledge Transfer
- Promoting Professional and Social Responsibility
- Public Education about the Petroleum Engineering profession and industry issues

SPE's programmes all strive to meet these strategic priorities fitting with the overall mission.

## Trustees' report (continued)

For the year ended 31 March 2020

### Statement of Trustees' responsibilities

The Trustees (who are also Directors of Society of Petroleum Engineers (Europe) Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company and the Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable Company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as each of the trustees of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Report of the Trustees, which includes the Strategic Report and the Directors Report required by company law (included therein), was approved by the Board and signed on their behalf by:



James Rawes

**Trustee**

**5 November 2020**



## Independent auditor's report

### **Independent Auditor's Report to the Members of the Society of Petroleum Engineers (Europe) Limited**

#### **Opinion**

We have audited the financial statements of the Society of Petroleum Engineers Europe Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement 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 charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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

## Independent auditor's report (continued)

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 the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' 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 charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' 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 charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 15 the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable 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 provided on the Financial

Reporting Council's website at <http://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 charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose.

## Independent auditor's report (continued)

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

NICHOLAS SLADDEN (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date *10 November 2020*

Consolidated statement of financial activities  
(Incorporating an income and expenditure account)  
For the year ended 31 March 2020

	Notes	2020 £	2019 £
<b>Income from</b>			
<b>Charitable activities</b>	<b>2</b>	<b>1,842,447</b>	<b>2,524,035</b>
<b>Income from joint ventures</b>	<b>6</b>	<b>2,508,113</b>	<b>83,709</b>
Investment income – Bank interest, dividends and interest		<u>127,275</u>	<u>178,808</u>
<b>Total</b>		<u><b>4,477,835</b></u>	<u><b>2,786,552</b></u>
<b>Expenditure on:</b>			
<b>Raising funds</b>			
Investment management costs		21,443	28,885
Management fee		72,663	77,873
Charitable activities	<b>3</b>	<u>3,320,308</u>	<u>4,065,373</u>
<b>Total</b>		<u><b>3,414,414</b></u>	<u><b>4,172,131</b></u>
<b>(Loss)/Gains on investments</b>		<u>(272,390)</u>	<u>155,243</u>
<b>Net Income/(Expenditure)</b>		<b>791,031</b>	<b>(1,230,336)</b>
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>7,206,781</u>	<u>8,437,117</u>
<b>Total funds carried forward</b>		<u><b>7,997,812</b></u>	<u><b>7,206,781</b></u>

The accompanying accounting policies and notes form an integral part of the financial statements

Consolidated balance sheet  
for the year ended 31 March 2020  
Registered number: 2778741

	Notes	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	8		235,153		238,832
Fixed asset investments	9		<u>4,762,452</u>		<u>6,155,261</u>
			<b>4,997,605</b>		<b>6,394,093</b>
<b>Current assets</b>					
Debtors	10	643,679		843,578	
Cash at bank and in hand		<u>3,024,298</u>		<u>1,303,452</u>	
		<b>3,667,977</b>		<b>2,147,030</b>	
<b>Creditors:</b> amounts falling due within one year	11	<u>(666,770)</u>		<u>(1,333,342)</u>	
<b>Net current assets</b>			<u><b>3,001,207</b></u>		<u><b>813,688</b></u>
<b>Net assets</b>			<u><u><b>7,998,812</b></u></u>		<u><u><b>7,207,781</b></u></u>
<b>Capital and funds</b>					
Called-up share capital	12		1,000		1,000
<i>Unrestricted funds</i>					
General fund	13		7,997,812		6,806,781
Designated fund	13		<u>-</u>		<u>400,000</u>
<b>Total capital and funds</b>			<u><u><b>7,998,812</b></u></u>		<u><u><b>7,207,781</b></u></u>

The financial statements were approved by the board and authorised for issue on 5 November 2020.



James Rawes  
**Trustee**  
5 November 2020

The accompanying accounting policies and notes form an integral part of the financial statements

Company balance sheet  
for the year ended 31 March 2020  
Registered number: 2778741

		2020	2019
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	8	235,153	238,832
Investments	9	4,762,456	6,155,265
		<u>4,997,609</u>	<u>6,394,097</u>
<b>Current assets</b>			
Debtors	10	1,472,565	2,374,285
Cash at bank and in hand		603,640	450,850
		<u>2,076,205</u>	<u>2,825,135</u>
<b>Creditors:</b> amounts falling due within one year	11	(1,419,957)	(1,946,320)
<b>Net current (liabilities)/ assets</b>		<u>656,248</u>	<u>878,815</u>
<b>Net assets</b>		<u>5,653,857</u>	<u>7,272,912</u>
<b>Capital and funds</b>			
Called-up equity share capital	12	1,000	1,000
<i>Unrestricted funds</i>			
General fund	13	5,652,857	6,871,912
Designated fund	13	-	400,000
<b>Total capital and funds</b>		<u>5,653,857</u>	<u>7,272,912</u>

No separate statement of financial activities is presented for Society of Petroleum Engineers Europe Limited as provided by Section 408 of the Companies Act 2006. The surplus for the year for Society of Petroleum Engineers Europe Limited for Companies Act 2006 purposes was a loss of £1,619,056 (2019: £1,532,513 loss).

The financial statements were approved by the board and authorised for issue on 5<sup>th</sup> November 2020.



James Rawes

**Trustee**

5 November 2020

The accompanying accounting policies and notes form an integral part of the financial statements

## Consolidated cash flow statement

for the year ended 31 March 2020

Registered number: 2778741

	Notes	2020 £	2019 £
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by operating activities</b>	(a)	<b>1,701,961</b>	(690,515)
<b>Cash flows from investing activities:</b>			
Dividends		<b>95,853</b>	87,198
Purchase of property, plant and equipment		<b>(25,993)</b>	(244,508)
Proceeds from sale of investments		<b>6,806,931</b>	1,407,662
Purchase of investments		<b>(7,021,481)</b>	(1,684,052)
<b>Net cash used in investing activities</b>		<b>(144,690)</b>	(433,700)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>1,557,271</b>	(1,124,215)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>1,469,280</b>	2,593,495
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>3,026,551</b>	1,469,280

### Note (a) – Reconciliation of cash flows from operating activities

	2020 £	2019 £
<b>Net income/(expenditure) for the reporting period</b>	<b>791,031</b>	(1,230,337)
<b>Net cash (used in)/ provided by operating activities</b>		
<b>Adjustments for:</b>		
Depreciation charges	<b>29,672</b>	39,515
Gains/(Losses) on investments	<b>1,443,783</b>	(52,579)
Dividends, interest and rent from investments	<b>(95,853)</b>	(87,198)
Decrease in debtors	<b>199,900</b>	52,461
Decrease in creditors	<b>(666,572)</b>	587,623
<b>Net cash provided by/(used in) by operating activities</b>	<b>1,701,961</b>	(690,515)
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	<b>3,024,298</b>	1,303,452
Notice deposits (less than 3 months)	<b>2,253</b>	165,828
<b>Cash and cash equivalents</b>	<b>3,026,551</b>	1,469,280

## Notes to the financial statements (continued)

for the year ended 31 March 2020

### 1. Accounting policies

A summary of the Group's principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

#### *a) Basis of preparation*

The financial statements have been prepared in accordance with the Charities SORP (FRS102) (second edition effective 1 January 2019) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Charities Act 2011 and UK Generally Accepted Practice.

Society of Petroleum Engineers (Europe) Limited meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Income received in foreign currency is translated at the month end exchange rate to GBP. The Russian branch's functional currency is Rubles.

#### *b) Going concern*

As highlighted in the report of the Trustees, having assessed the Group's financial position, its plans for the foreseeable future and the risks to which it is exposed, the Trustees are satisfied that it remains appropriate to prepare the financial statements on the going concern basis.

The individual entity accounts of Society of Petroleum Engineers Europe Limited have taken advantage of the disclosure exemption under FRS 102 to separately disclose categories of financial instruments and items of income, expenses, gains or losses relating to instruments as these have been presented on a Group basis in the notes to the accounts.

The directors have reviewed the Company's financial position, its plans for the foreseeable future and the risks to which it is exposed. The directors have taken into account the impact of COVID-19 for in-person events for FY21. Taking into account future cash flows, group support will also be available to the Company from the ultimate parent entity, SPE Inc. if the need arises. On the above basis, the directors remain satisfied that it continues to be appropriate to prepare the financial statements on the going concern basis.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The operations for the subsidiary companies could be negatively impacted by the regional and global outbreak of COVID-19. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries. The Company anticipates a significant decrease in support for events and training courses organized by the subsidiary companies for the next fiscal year. With the anticipated persistent low oil prices and resulting cost-saving measures by companies, as well as challenges by companies and individuals to participate in "non-business essential" activities such as conferences



## Notes to the financial statements (continued)

for the year ended 31 March 2020

and exhibitions, management will re-evaluate the optimum scale and financial expectations for the upcoming events. In addition, management is considering contingency options for various events, such as converting to a virtual program or rescheduling the event to a later date should regulations require, or the situation necessitates it. The Company will continue to review planning progress for the upcoming events and future events strategies to ensure that the Company remains strong and sustainable. The Company is continually managing its operating expenditures and reserves effectively to safeguard the Company's ability to continue as a going concern. SPE Europe Limited is also constantly reviewing and controlling its overhead expenditures.

### *c) Basis of consolidation*

The Group financial statements consolidate the accounts of Society of Petroleum Engineers Europe Limited and all its subsidiary undertakings up to 31 March 2020. In the Company's accounts, investments in subsidiary undertakings are stated at cost, less amounts written off.

The Group financial statements incorporate joint ventures under the equity method of accounting, supplemented by additional disclosures for joint ventures.

The Group's results for the year are shown on page 19.

### *d) Fund accounting*

Unrestricted funds comprise general funds where monies are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and designated funds where monies are unrestricted but they have been designated by the Trustees for a specific purpose.

### *e) Income*

#### *Investment income*

Investment income relates to dividends and interest realised on investments and bank interest receivable. Investment income is accounted for on the accruals basis, other than dividend income, which is recognised on receipt.

#### *Charitable activities*

Income from charitable activities relates to conference income and represents amounts receivable (exclusive of VAT) from visitors to, and exhibitors at, petroleum conferences organised by the Group, together with donations from sponsor companies and other contributions. Conference and associated income is only recognised at the point at which the event is held and is deferred for events which occur in the next accounting period.

### *f) Expenditure*

#### *Raising Funds*

Fundraising trading costs relate to management fees paid during the year. These costs are accounted for on an accruals basis.

## Notes to the financial statements (continued)

for the year ended 31 March 2020

### *Investment management fee*

These costs relate to fees charged by investment managers for managing the investment portfolio. These costs are accounted for on an accruals basis.

### *Charitable activities*

Charitable activities comprise expenditure, including staff costs, directly attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of resources. These costs are accounted for on the accruals basis.

### *Governance costs*

Governance costs relate to expenditure, including Board expenses, attributable to the costs of running the Board. These costs are accounted for on an accruals basis.

### *Support Costs*

Support costs are broken down into two difference categories, Support Costs-Management and Support Costs-Other. Support costs-Management covers Overhead expenses adjusted downward for management time for Due and Member Programs and Governance Costs. Support costs – Other covers Operating expenses plus Audit, Legal and Board Expenses.

### *g) Tangible fixed assets*

Tangible fixed assets are shown at original historical cost. Depreciation is provided on a straight line basis on all tangible fixed assets at rates designed to write off costs, less estimated residual values, over their expected useful lives, as follows:

Computer equipment	- 3 years
Fixtures, fittings and equipment	- 5 to 10 years

### *h) Investments*

Investments are stated at market value. Initial recognition of investments are at cost. It is the Group's policy to keep valuations up to date such that when investments are sold, there is no gain or loss arising. As a result, the Statement of Financial Activities includes those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year, and realised gains and losses of investments disposed during the year. Disclosure is made in note 9 of the difference between the historical cost and the sale proceeds of the investments sold during the year.

### *i) Joint ventures*

An entity is treated as a joint venture where the Group holds a long term interest and shares control under a contractual agreement.

## Notes to the financial statements (continued)

for the year ended 31 March 2020

In the Group accounts, interests in joint ventures are accounted for using the equity method of accounting. The consolidated statement of financial activities indicates the Group's share of the net interest in the joint ventures. In the consolidated balance sheet notes, amounts owing from the joint venture are disclosed.

### *j) Operating lease commitments*

Rentals paid under operating leases are charged on a straight line basis over the lease term.

### *k) Foreign currency*

In the accounts of individual undertakings, transactions denominated in foreign currencies are recorded in GBP at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the statement of financial activities.

The results of overseas operations are translated at the average rate of exchange during the period. Balance sheet accounts are translated at the rate ruling at the balance sheet date.

### *l) Financial instruments*

The Group has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade, other creditors and accruals.

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

### *m) Pension costs*

The Group provides pensions to all employees through a funded defined contribution scheme. The amount expended in the statement of financial activities is the contributions payable in the year.

### *n) Company information*

The charity is a private limited company, registered by shares (registered number 2778741), which is incorporated and domiciled in the England and Wales. The address of the registered office is Fourth Floor West, America House, 2 America Square, London EC3N 2LU.

### *o) Critical accounting judgements and key sources of estimation uncertainty*

In the application of the Group's accounting policies, which are described in note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent

## Notes to the financial statements (continued)

for the year ended 31 March 2020

from other sources. The estimates and underlying 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Notes to the financial statements (continued)  
for the year ended 31 March 2020

**2. Income from charitable activities**

	<b>Total 2020</b>	<b>Total 2019</b>
	£	£
Conference income	<b><u>1,842,447</u></b>	<b><u>2,524,035</u></b>

The geographic split of the turnover is as follows:

<b>Geographic Region</b>	<b>2020</b>	<b>2019</b>
	£	£
UK	<b>520,511</b>	230,577
Europe	<b>320,599</b>	1,304,098
Russia and Caspian	<b>999,608</b>	989,360
Africa	<b>1,729</b>	-
	<b><u>1,842,447</u></b>	<b><u>2,524,035</u></b>

**3. Net income/expenditure for the year**

Net income/expenditure for the year are stated after charging:

	<b>2020</b>	<b>2019</b>
	£	£
Staff costs (see note 5)	<b>1,168,809</b>	1,186,048
Depreciation	<b>29,672</b>	35,293
Rent	<b>196,044</b>	282,862
Auditors' remuneration	<b>41,538</b>	25,820
Non-audit services (tax compliance)	<b>6,923</b>	3,950
	<b><u>1,442,986</u></b>	<b><u>1,533,973</u></b>

Notes to the financial statements (continued)  
for the year ended 31 March 2020

**Expenditure in respect of charitable activities**

<b>Activity</b>	<b>Activities undertaken directly</b>	<b>Support costs management</b>	<b>Support costs other</b>	<b>Total 2020</b>
Conferences Members' Programmes	<b>759,962</b>	<b>871,594</b>	<b>838,830</b>	<b>2,470,386</b>
	<b>400,000</b>	<b>449,922</b>	<b>-</b>	<b>849,922</b>
	<b>1,159,962</b>	<b>1,321,516</b>	<b>838,830</b>	<b>3,320,308</b>

<b>Activity</b>	<b>Activities undertaken directly</b>	<b>Support costs management</b>	<b>Support costs other</b>	<b>Total 2019</b>
Conferences Members' Programmes	1,210,479	1,210,626	840,488	3,261,594
	600,000	203,780	-	803,780
	1,810,479	1,414,406	840,488	4,065,373

Support costs are analysed as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Support costs:		
Staff costs	<b>1,199,949</b>	1,220,054
Other operating expenses	<b>72,657</b>	126,754
Governance costs	<b>157,891</b>	158,872
Administration costs	<b>729,849</b>	749,214
	<b>2,160,346</b>	2,254,894

£400,000 sponsorship of the Distinguished Lecturer programme, a corner stone initiative of the Group's charitable is included within the Members' Programmes.

Notes to the financial statements (continued)  
for the year ended 31 March 2020

**4. Governance costs**

Governance costs are stated in respect of:

	2020	2019
	£	£
External audit and taxation services	48,462	34,776
Other financial services and consultancy	60,023	55,783
Board expenses	497	716
Management salaries	48,909	67,597
	<u>157,891</u>	<u>158,872</u>

**5. Staff costs**

	2020	2019
	£	£
Wages and salaries	941,044	923,722
Social security costs	163,005	188,654
Other pension costs (note 14c)	64,760	73,671
	<u>1,168,809</u>	<u>1,186,047</u>

Staff costs exclude the salaries for 3 individuals totalling £489,702 (2019: £348,561) who are employed by the Group but work primarily for Society of Petroleum Engineers Inc and whose time has been re-charged to that entity.

The average number of employees, including Directors (who are Trustees), employed by the Group during the year was:

	2020	2019
	Number	Number
Members programme	5	6
Conference organisation	12	15
Support	4	4
Sales	4	5
Management and administration	6	6
	<u>31</u>	<u>36</u>

## Notes to the financial statements (continued)

for the year ended 31 March 2020

The number of employees earning over £60,000 during the year, excluding pension contributions, was as follows:

	2020 Number	2019 Number
Income band £110,000 - £ 119,999		1
Income band £100,000 - £ 109,999	1	1
Income band £60,000 - £ 69,999	1	

Pension contributions to money purchasing pension scheme in respect of the above employees during the year were £8,698 (2019: £6,658)

The key management personnel of the charity comprise the Human Resources Director, the Events Director for Europe, Caspian and Sub-Saharan Africa, the Senior Manager for Sales and Business Development, the VP Sales, Marketing and Business Development and the Senior Finance Manager. The costs for the Human Resources Director and the VP Sales, Marketing and Business Development are re-charged to Society of Petroleum Inc.

The total employee benefits of the key management personnel of the charity were £523,210 (2019: £497,202).

### *Trustees' remuneration*

The following Trustees received the following remuneration as employees of SPE Europe and/or the parent entity SPE Inc during the year:

	Basic	Benefits	Total
James Rawes	158,588	9,826	168,414
John Joseph Healy	138,386	9,337	147,723
Total	296,974	19,163	316,137

None of the Trustees were remunerated for their services as Trustees. The Trustees expenses for the year amounted to £Nil (2019: £Nil).

## **6. Income from joint venture**

The geographical analysis of the share of the Group's profits from the joint ventures is as follows:

	2020	2019
United Kingdom	2,508,113	83,709
	2,508,113	83,709

## **7. Taxation**

Society of Petroleum Engineers Europe Limited is a registered charity and is not subject to UK corporation tax on profits from its charitable activities. The subsidiaries are not charities and are therefore subject to corporation tax on their profits.



## Notes to the financial statements (continued)

for the year ended 31 March 2020

### 8. Tangible fixed assets

	Computer equipment	Fixtures, fittings and equipment	Total
Group and Company			
	£	£	£
<b>Cost</b>			
At beginning of year	190,464	497,415	687,879
Additions	19,506	6,487	25,993
At end of year	<b>209,970</b>	<b>503,902</b>	<b>713,872</b>
<b>Depreciation</b>			
At beginning of year	161,426	287,621	449,047
Charge for the year	10,230	19,442	29,672
At end of year	<b>171,656</b>	<b>307,063</b>	<b>478,719</b>
<b>Net book value</b>			
At 1 April 2019	<b>29,038</b>	209,794	<b>238,832</b>
<b>At 31 March 2020</b>	<b>38,314</b>	<b>196,839</b>	<b>235,153</b>

All of the Company's fixed assets are held for use on a continuing basis for the organisation of conferences.

## Notes to the financial statements (continued)

for the year ended 31 March 2020

### 9. Fixed asset investments

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Listed investments	<b>4,760,199</b>	5,989,433	<b>4,760,199</b>	5,989,433
Cash awaiting investment	<b>2,253</b>	165,828	<b>2,253</b>	165,828
Subsidiary undertakings	-	-	<b>4</b>	4
	<b>4,762,452</b>	6,155,261	<b>4,762,456</b>	6,155,265

The Group has a 50% interest in two joint ventures E&P Events LLP, registered in England and Wales, and Offshore Europe Partnership. The partnerships hold biennial conferences for petroleum engineers. Audited accounts are prepared for the Offshore Europe Partnership every two years. The last Offshore Europe Partnership conference was held during the year ending 31 December 2019, and audited accounts are available for the 24 months ended 31 December 2019. The E&P Events LLP audited accounts are available for the year ended 31 December 2019.

The Group is entitled to draw the whole of its share of the profit of both Offshore Europe Partnership and E&P Events LLP. The Group has received, as part of its entitlement under the Offshore Europe Partnership agreement, an amount of £2,508,113 (2019: £83,709), and under the E&P Events LLP agreement, an amount of £Nil (2019: £Nil) in the year ending 31 March 2020.

The Group's aggregate interests in the joint ventures are as follows;

	2020	2019
	£	£
Turnover	<b>4,748,299</b>	385,474
Tangible fixed assets		
Current assets	<b>2,999,046</b>	178,979
Liabilities due within one year	<b>(2,245,567)</b>	(178,979)
Net assets	<b>753,479</b>	-

Included in incoming resources from charitable activities, in addition to conference programming income receivable, there are cost reimbursements, sponsorship and management fees from the two joint ventures amounting to £144,004 (2019 £Nil).

#### *Principal Group investments*

The Company has two wholly-owned subsidiary undertakings at the year end: SPE Trading Limited and SPE Ventures Limited, both of which are registered in England and Wales (see note 15).

## Notes to the financial statements (continued)

for the year ended 31 March 2020

### 9. Fixed asset investments (continued)

#### Listed investments

	2020 £	2019 £
Market value as at beginning of year	5,989,433	5,660,465
Additions	7,021,485	1,684,052
Disposal proceeds	(7,978,329)	(1,510,327)
Net investment gain in year	(272,390)	155,243
Market value at end of year	4,760,199	5,989,433
Historical cost at end of year	5,293,863	5,355,577
Unrealised gain at end of year	(533,664)	633,856
Realised gain on historical cost basis	1,181,372	165,389

Listed investments comprise investments listed on the UK Stock Exchange.

### 10. Debtors: Amounts falling due within one year

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	384,026	623,228	11,577	52,255
Amount owed by related entities	74,849	113,971	35,461	1,422
Amounts owed by subsidiary undertakings	15,954	-	1,312,990	2,245,803
Other debtors	4,283	7,653	4,283	7,653
Social security and other taxes	6,910	-	10,582	-
Prepayments and accrued income	157,657	98,726	97,672	67,152
	643,679	843,578	1,472,565	2,374,285

Notes to the financial Statements (continued)  
for the year ended 31 March 2020

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

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade Creditors	<b>97,781</b>	83,509	<b>73,715</b>	51,960
Amounts owed to related group entities	<b>186,554</b>	685,916	<b>186,488</b>	680,816
Amount owed to subsidiary undertakings	-	-	<b>948,080</b>	861,278
Taxation and social security	-	100,591	-	9,747
Accruals and deferred income	<b>382,435</b>	463,325	<b>211,674</b>	342,518
	<b>666,770</b>	1,333,341	<b>1,419,957</b>	1,946,320

**Deferred Income**

Income deferred in the current year relates to advanced conference registrations, exhibition and sponsorship income for conferences taking place after 31 March 2020.

	<b>Group</b>	<b>Company</b>
	<b>£</b>	<b>£</b>
Balance as at 1 April 2019	<b>72,666</b>	-
Amount released to incoming resources	<b>(72,666)</b>	-
Amount deferred in year	<b>118,139</b>	-
Balance as at 31 March 2020	<b>118,139</b>	-

Notes to the financial Statements (continued)  
for the year ended 31 March 2020

**12. Called-up equity share capital**

	2020 £	2019 £
Group and Company <i>Allotted, called-up and fully-paid</i> 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

**13. Reconciliation of movements in capital and funds**

	Balance 1 April 2019	Income	Net gains on investment	Expenditure	Transfers	Balance 31 March 2020
<b>2020</b>						
<b>Group</b>	£	£	£	£	£	£
Called-up equity share capital	1,000	-	-	-	-	1,000
Unrestricted general funds	6,806,781	4,477,835	(272,390)	(3,014,414)	-	7,997,812
SPE Members Program fund	400,000	-	-	(400,000)	-	-
Total capital and funds	<u>7,207,781</u>	<u>4,477,835</u>	<u>(272,390)</u>	<u>(3,414,414)</u>	<u>-</u>	<u>7,998,812</u>
<b>Company</b>	£	£	£	£	£	£
Called-up equity share capital	1,000	-	-	-	-	1,000
Unrestricted general funds	6,871,912	1,070,960	(272,390)	(2,017,625)	-	5,652,857
Members Program fund	400,000	-	-	(400,000)	-	-
Total capital and funds	<u>7,272,912</u>	<u>1,070,960</u>	<u>(272,390)</u>	<u>(2,417,625)</u>	<u>-</u>	<u>5,653,857</u>

The amount of £2,433,085 is a reflection of the Gift Aid payment of profits made to the Charity.

Notes to the financial Statements (continued)  
for the year ended 31 March 2020

**13. Reconciliation of movements in capital and funds**

	Balance 31 April 2018	Income	Net gains/ (losses) on investment	Expenditure	Transfers	Balance 31 March 2019
<b>2019</b>						
<b>Group</b>	£	£	£	£	£	£
Called-up equity share capital	1,000	-	-	-		1,000
Unrestricted general funds	7,437,117	2,786,552	155,243	(3,572,131)		6,806,781
SPE Members Program fund	1,000,000	-	-	(600,000)		400,000
Total capital and funds	8,438,117	2,786,552	155,243	(4,172,131)		7,207,781
<b>Company</b>	£	£	£	£		£
Called-up equity share capital	1,000	-	-	-		1,000
Unrestricted general funds	5,286,452	926,972	155,243	(2,223,213)	2,726,458	6,871,912
Members Program fund	1,000,000			(600,000)		400,000
Total capital and funds	6,287,452	926,972	155,243	(2,823,213)	2,726,458	7,272,912

The Members Programme fund comprises funds designated by the Trustees to support the Members Programme, both of which are administered by the Company in line with the funding programme set out in the 2017 strategic plan. The level of funding made available to these programmes will be reviewed annually by the Board.

Transfers represent the intercompany funds transfer between SPE Europe Limited and its subsidiaries, SPE Trading Limited and SPE Ventures Limited.

Notes to the financial Statements (continued)  
for the year ended 31 March 2020

**14. Guarantees and financial commitments**

*a. Capital commitments*

At the end of the year, there were no capital commitments (2019: £Nil).

*b. Lease commitments*

At 31 March 2020 the Group and Company had aggregate minimum lease payment commitments under non-cancellable operating leases as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases for land and buildings, which expire:				
In less than one year	<b>180,430</b>	157,110	<b>158,160</b>	157,110
one to 5 years				
	<b><u>527,200</u></b>	<b><u>615,347</u></b>	<b><u>527,200</u></b>	<b><u>615,347</u></b>

*c. Pension arrangements*

The Group provides defined contribution pension schemes for all employees.

The amount charged to the statement of financial activities is the contributions payable in the year and amounted to £64,760 (2019: £73,671).

*d. Contingent liabilities*

As a partner in Offshore Europe Partnership and E & P Events LLP, SPE Trading Limited is jointly and severally liable, without limit, for the debts of the partnerships. In the event that either partnership fails to pay any debt for which it has primary liability or is unable to pay amounts due, creditors may look directly to SPE Trading Limited for settlement of their debts or obligations.

Notes to the financial Statements (continued)  
for the year ended 31 March 2020

**15. Subsidiary undertakings**

	<b>SPE Ventures Limited</b>	<b>SPE Trading Limited</b>
	<b>£</b>	<b>£</b>
Turnover	1,446,187	-
Income from joint venture	-	2,693,045
Costs	<u>(1,582,008)</u>	<u>(147,137)</u>
Net Profit/(loss)	(135,821)	2,545,908
Interest receivable	<u>-</u>	<u>-</u>
Profit/(loss) before tax	(135,821)	2,545,908
Tax charge	<u>-</u>	<u>-</u>
Profit/(loss) after tax	<u>(135,821)</u>	<u>2,545,908</u>
Retained earnings at start of year	<u>-</u>	<u>(65,131)</u>
Gift Aid payment	<u>-</u>	<u>-</u>
Retained earnings at end of year	<u>(135,821)</u>	<u>2,480,777</u>
Net assets/(liabilities)	<u>(135,821)</u>	<u>2,480,777</u>

The Company owns the whole of the issued ordinary share capital of SPE Ventures Limited and SPE Trading Limited, both companies being registered in England (company no. 02538982 and 02365974) and sharing the same registered office as SPE Europe (see note 1).

The Group conducts its trading activities through its two trading subsidiaries, SPE Ventures Limited and SPE Trading Limited. These companies organise and hold workshops, training courses and conferences to further the aims of the charitable organisation.

The value of the parent Company's investment in each of its subsidiary companies is £2. SPE Ventures Limited and SPE Trading Limited are registered at the Company's offices at 4<sup>th</sup> Floor West, America House, 2 America Square, London EC3N 2LU.

The 2017 Charity SORP Triennial Review (effective 1 January 2017) amended the accounting requirements for gift aid to stipulate that a gift aid payment shall not be accrued unless a legal obligation to make the payment exists at the reporting date.

The subsidiary did not have a legal obligation to make a payment to its parent charity in the prior year. The subsidiary has previously accrued the gift aid payments as an expense in the income statement at each reporting date based on



## Notes to the financial Statements (continued)

for the year ended 31 March 2020

the taxable profits for the reporting period. However, within 9 months of the reporting period taxable profits were paid up to the parent charity and the amount is not material, therefore there has not been a re-statement of 2019 figures.

### 16. Ultimate parent undertaking

The ultimate parent company and controlling related party is Society of Petroleum Engineers (SPE) Inc, registered at 222 Palisades Creek Drive, Richardson, Texas 75080 USA.

At year end, the Group had the following related party transactions and year end balances with Group entities:

	Transactions charged to related parties in the year	Transactions charged from related parties in the year	Receivable from related party at year end	Payable to related party at year end
	£	£	£	£
<b>2020</b>				
SPE International	195,080	(72,663)	74,849	(125,137)
SPE Canada	-	-	-	-
SPE Foundation	-	-	-	-
SPE Middle East	13,996	-	15,954	-
SPE Asia Pacific	-	-	-	-
SPE sections and chapters	-	-	-	(61,417)
			<u>90,803</u>	<u>(186,554)</u>
<b>2019</b>				
SPE International	-	(74,827)	112,424	(612,709)
SPE Canada	-	-	-	-
SPE Foundation	-	-	-	-
SPE Middle East	-	(3,045)	-	(3,326)
SPE Asia Pacific	-	-	1,547	-
SPE sections and chapters	-	-	-	(69,881)
			<u>113,971</u>	<u>(685,916)</u>

Notes to the financial Statements (continued)  
for the year ended 31 March 2020

**17. Financial instruments**

At the balance sheet date the consolidated Group held financial assets at amortised cost comprising cash and short term deposits, trade debtors and other debtors of £437,860 (2019: £748,622) and financial liabilities at amortised cost, comprising trade creditor, accruals and other creditors of £480,216 (2019: £546,834). Total interest income received in respect of financial assets held at amortised cost totalled £Nil (2019: £Nil).

The charity held assets at fair value through income and expenditure of £4,760,199 (2019: £5,989,433). Movements in the year through the statement of financial activities comprised income of £127,275 (2019: £178,808) and loss of £272,390 (2019: gains of £155,243).