Registration number: SC260113

Zenith Oilfield Technology Ltd

Annual Report and Financial Statements

for the Year Ended 31 December 2017

Zenith Oilfield Technology Ltd

Contents

Zenith Oilfield Technology Ltd

Strategic Report

The directors present their strategic report for the year ended 31 December 2017.

Business review and future outlook
The results for the company show a pre tax profit of £5.30 million (pre tax loss 2016: £0.56 million) for the year and turnover of £29.17 million (2016: £22.85 million).

The company has net assets of £42.98 million (2016: £37.73 million) out of which £34.28 million net (2016: £30.95 million net) is due from fellow GE group companies.

On 31 October 2016, GE and Baker Hughes announced that they had entered into an agreement to combine GE's oil and gas business and Baker Hughes to create a world-leading oilfield technology provider with a unique mix of service and equipment capabilities. The new company, entitled "Baker Hughes, a GE Company" will be a leading equipment, technology and services provider in the oil and gas industry with $32 billion of combined revenues and operations in more than 120 countries. Zenith Oilfield Technology Ltd is part of this new group.

By drawing from GE's technology expertise and Baker Hughes capabilities in oilfield services, the new company will provide best-in-class physical and digital technology solutions for customer productivity. Under the terms of the agreement, which has been unanimously approved by the boards of directors of both companies, GE owns 62.5% of the company. The transaction is expected to have a favourable impact on the business as Zenith will now become the favoured Sensors supplier for Legacy Baker Hughes Legal Entities.

Principal risks and uncertainties
The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk
In the year under review most of the company's turnover arose overseas, principally in US dollars, and the company is therefore exposed to the movement in US dollar to Sterling exchange rates. The exposure to this risk is monitored and forward contracts are used when considered appropriate.

Credit risk
The principal financial assets are trade debtors, amounts owed by group undertakings, and bank balances. The company's credit risk is primarily attributable to its trade debtors and is managed through maintaining good customer relationships and the monitoring of credit levels and settlement periods. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit rating on liquid funds is considered limited because the counterparty is a bank with a credit rating assigned by international credit-rating agencies.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company makes use of group cash pool facilities.

Zenith Oilfield Technology Ltd

Strategic Report

Key performance indicators (KPI's)

Performance during the year, together with historical trend data is set out in the table below:

	31 December 2017	31 December 2016	Commentary
Growth in sales (%)	27.7%	(23%)	Increase in turnover is down to the pickup in the general economic conditions affecting the oil & gas industry along with the Baker Hughes merger which has seen an increase in Sensors orders for Zenith from the Legacy Baker Legal Entities.
Operating margin (%)	17.66%	(2.1%)	Increase in operating margin is down to the increase in sales revenue and internal transfer pricing remaining at 30%.
Return on invested capital (%)	12%	(1.29%)	Operating profit expressed as a percentage of net assets. It is impacted by higher net assets at year end and lower operating profit.

Approved by the Board on 7 September 2018 and signed on its behalf by:

K Van Der Schyff
Director

Zenith Oilfield Technology Ltd

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity
The company designs, develops and delivers state-of-the-art technology to optimize oil well production. Through the gathering and analysis of well data and the design of generic and bespoke completion and sensor equipment, the company's monitoring and completion systems, and range of oilfield services, work on the behalf of customers to resolve operational crises and problems when every unproductive minute costs money, increasing productivity and extending pump run life, ultimately reducing costs for clients around the world.

Results and dividends
The profit for the year, after taxation, amounted to £5,251,000 (2016 loss: £330,000).

The directors do not recommend the payment of a dividend (2016: £nil).

Directors of the company
The directors who held office during the year and up to the date of the directors' report were as follows:

G Davie (resigned 31 August 2017)

A Khayyat (resigned 7 February 2018)

W H Milne (appointed 7 February 2018)

K Van Der Schyff (appointed 7 February 2018)

Directors' liabilities
One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Disclosure of information to the auditors
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor
The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 7 September 2018 and signed on its behalf by:

KVSchyff

K Van Der Schyff
Director

Zenith Oilfield Technology Ltd

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Zenith Oilfield Technology Ltd

Opinion

We have audited the financial statements of Zenith Oilfield Technology Ltd (the 'company') for the year ended 31 December 2017, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Zenith Oilfield Technology Ltd

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement 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; 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; 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 they 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Zenith Oilfield Technology Ltd

The purpose of our audit work and to whom we owe our responsibilities

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.

S. Gueddana
....
Slim Gueddana (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

37 Albyn Place
Aberdeen
AB10 1JB

Date: 11 September 2018

Zenith Oilfield Technology Ltd

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Turnover	4	29,173	22,846
Cost of sales		(20,221)	(15,789)
Gross profit		8,952	7,057
Distribution costs		(823)	(1,571)
Administrative expenses		(2,976)	(5,974)
Operating profit/(loss)	5	5,153	(488)
Interest receivable and similar income	6	285	119
Interest payable and similar expenses	7	(133)	(188)
Profit/(loss) before tax		5,305	(557)
Tax on profit/(loss)	11	(54)	227
Profit/(loss) for the year		5,251	(330)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		5,251	(330)

The above results were derived from continuing operations.

Zenith Oilfield Technology Ltd

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Balance Sheet
as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Intangible assets	12	419	-
Tangible assets	13	244	324
Investments	14	244	244
		907	568
Current assets			
Stocks	15	7,439	6,579
Debtors: amounts falling due within one year	16	39,666	38,043
Cash at bank and in hand		252	231
		47,357	44,853
Creditors: Amounts falling due within one year	17	(5,266)	(7,701)
Net current assets		42,091	37,152
Total assets less current liabilities		42,998	37,720
Provisions for liabilities	18	(21)	6
Net assets		42,977	37,726
Capital and reserves			
Called up share capital	19	106	106
Share premium account		14	14
Profit and loss account		42,857	37,606
Shareholders' funds		42,977	37,726

Approved by the Board on 7 September 2018 and signed on its behalf by: and signed on its behalf by:

dd Schyff

K Van Der Schyff

Director

The notes on pages 11 to 26 form an integral part of these financial statements.

Zenith Oilfield Technology Ltd

Statement of Changes in Equity for the Year Ended 31 December 2017

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	106	14	37,606	37,726
Comprehensive income for the year				
Profit for the year	-	-	5,251	5,251
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	5,251	5,251
At 31 December 2017	106	14	42,857	42,977

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	106	14	37,936	38,056
Comprehensive income for the year				
Loss for the year	-	-	(330)	(330)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(330)	(330)
At 31 December 2016	106	14	37,606	37,726

1 General information

The company is a private company limited by share capital, registered in Scotland, incorporated and domiciled in the United Kingdom.

The address of its registered office is:
Thainstone Business Park
Inverurie
Aberdeenshire
AB51 5GT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101'Reduced Disclosure Framework' ('FRS101') and the Companies Act 2006. The amendments to FRS 101 (2016/17 Cycle) issued in July 2017 have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

Exemption from preparing group accounts
The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 41 Farnsworth Street, Boston, MA 02210, USA or at www.ge.com.

2 Accounting policies (continued)

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
• paragraph 79(a)(iv) of IAS 1;
• paragraph 73(e) of IAS 16 Property, Plant and Equipment;
• paragraph 118(e) of IAS 38 Intangible Assets, and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Going concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the company's directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The company recognises revenue when: The amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company activities.

Foreign currency transactions and balances

The accounts are presented in sterling which is the company's functional and presentational currency.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Profit and Loss Account.

2 Accounting policies (continued)

Interest income
Interest Income is recognized in the Statement of Profit and Loss Account and Other Comprehensive Income as it is earned.

Interest expense
Interest expense is recognized in the Statement of Profit and Loss Account and Other Comprehensive Income on factored (factoring fee) and cash pool balances as it is incurred.

Tax
Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

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

Depreciation
Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Asset class	Depreciation method and rate
Plant and machinery	3 years
Motor vehicles	5 years
Fixtures and fittings	2-3 years

Intangible assets
Other intangible assets

Other intangible assets acquired by the company are measured at cost less accumulated amortisation and any accumulated impairment losses.

2 Accounting policies (continued)

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Intellectual property	4 years

Investments
Investment in group undertakings are shown at cost less provision for impairment.

At each balance sheet date the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If such indication exists, the recoverable amount of the investment estimated based on its fair value less costs of disposal (for which its net asset value may be used as a reasonable proxy) and value in use. Where the recoverable amount of the investment is less than the carrying value an impairment loss is recognised in Profit and Loss Account in the period.

Stock
Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Operating leases
Rentals paid under operating leases are charged to the profit or loss (net of any incentives received from the lessor) on a straight line basis over the period of the lease.

Pensions
The company is a member of a group pension plan providing benefits based on final pensionable pay. The group pension plan, GE Pension Plan, covers a number of United Kingdom subsidiary companies of General Electric Company. There is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to participating entities, so the net defined benefit cost is recognised fully in the separate financial statements of the group entity that is legally the principal employer for the plan, which is GEH Holdings. The company recognises a cost equal to their contribution payable for the period. The contribution payable by the participating employers in the GE Pension Plan are based on the latest schedule of contributions agreed between the Trustee of the GE Pension Plan and the principal employer.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2 Accounting policies (continued)

Financial Instruments

Classification
The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets
The company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than the financial assets in a qualifying hedging relationship, the company's accounting policy for each category is as follows:

Fair value through profit or loss
This category comprises only in-the-money derivatives. These are carried in the balance sheet at fair value with changes in fair value recognised in the profit and loss account.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial liabilities
The company classifies its financial liabilites into one of the categories discussed below, depending on the purpose for which the liability was aquired.

Fair value through profit or loss
The company holds only out-of-the-money derivatives. They are carried in the balance sheet at fair value recognised in the profit and loss account.

At amortised cost
Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liablities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

3 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Stock provisioning
The company designs, manufactures and sells advanced technical products and is subject to changing consumer demands and technological advances. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of stock

Impairment of trade debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating of the debtor, the ageing profile of the debtors and historical experience. See note 16 for the net carrying amount of the receivables.

Useful economic lives of fixed assets
In the application of the company's accounting policy, judgement is exercised by management in the determination of residual values and useful lives.

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed periodically.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of fixed assets and note 2 for the useful economic lives for each class of assets.

Zenith Oilfield Technology Ltd

Notes to the Financial Statements

4 Turnover

A geographical analysis of turnover is as follows:

	2017 £ 000	2016 £ 000
United Kingdom	119	122
Rest of European Union	674	498
USA	5,575	2,919
Rest of world	22,805	19,307
	29,173	22,846

All revenue is from the sale of goods.

5 Operating profit/(loss)

Operating profit/(loss) is stated after (crediting)/charging:

	2017 £ 000	2016 £ 000
Difference on foreign exchange	(335)	820
Operating lease expense - land and buildings	166	166
Operating lease expense - plant and machinery	86	96

6 Interest receivable and similar income

	2017 £ 000	2016 £ 000
Interest receivable from group companies	285	119

7 Interest payable and similar expenses

	2017 £ 000	2016 £ 000
On loans from group undertakings	133	188

Zenith Oilfield Technology Ltd

Notes to the Financial Statements

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £ 000	2016 £ 000
Wages and salaries	3,507	5,265
Social security costs	248	289
Other pension costs	184	221
	3,939	5,775

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

	2017 No.	2016 No.
Production	17	17
Management and office staff	25	26
Sales and operations	36	53
	78	96

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £ 000	2016 £ 000
Remuneration	232	631
Company pension contributions to defined contribution pension schemes	14	26
	246	657

During the year the number of directors who were receiving retirement benefits were as follows:

	2017 No.	2016 No.
Accruing benefits under defined contribution pension scheme	1	2

9 Directors' remuneration (continued)

In respect of the highest paid director:

	2017 £ 000	2016 £ 000
Remuneration	232	551
Company contribution to defined contribution pension schemes	14	22

10 Auditor's remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	28	33

11 Taxation

Tax charged/(credited) in the Profit and Loss Account

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	-	(227)
Foreign tax	49	-
Foreign tax adjustment to prior periods	4	-
	53	-
Total current tax	53	(227)
Deferred taxation		
Origination and reversal of temporary differences	(15)	(23)
Effect of changes to tax rates	2	7
Adjustment in respect of prior year	4	-
Movement on deferred tax not provided	10	16
Total deferred taxation	1	-
Tax expense/(receipt) in the Profit and Loss Account	54	(227)

11 Taxation (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit/(loss) before tax	5,305	(557)
Corporation tax at standard rate	1,021	(111)
Adjustment to tax charge in respect of prior year/periods	8	(226)
Non-taxable income	(106)	-
Expenses not deductible for tax purposes.	11	-
Group relief for £nil consideration	(941)	87
Increase arising from overseas tax suffered	49	-
Effect of changes to tax rates	2	7
Movement on deferred tax not provided	10	16
Total tax charge/(credit)	54	(227)

Factors that may affect future tax charges

The UK corporation tax rate was reduced from 20% to 19% on 1 April 2017. A further reduction to 17% (effective 1 April 2020) was substantively enacted at the balance sheet date. This will reduce any current tax charges accordingly.

Deferred tax assets and liabilities on all timing differences have been calculated at 17%, including those expected to reverse in the years ending 31 December 2018 to 31 December 2020 (the overall average rate ranging from 19% to 17.5%). The impact of this on the financial statements is not considered material.

There are no other factors that may significantly affect future tax charges.

Deferred tax

There are £93,000 of deductible temporary differences (2016: £83,000) for which no deferred tax asset is recognised in the balance sheet.

12 Intangible fixed assets

	Intellectual property £ 000
Cost	
At 1 January 2017	848
Additions	474
At 31 December 2017	1,322
Amortisation	
At 1 January 2017	848
Amortisation charge	55
At 31 December 2017	903
Net book value	
At 31 December 2017	419
At 31 December 2016	-

Zenith Oilfield Technology Ltd

Notes to the Financial Statements

13 Tangible fixed assets

	Fixtures and fittings £ 000	Motor vehicles £ 000	Plant and machinery £ 000	Total £ 000
Cost				
At 1 January 2017	95	44	590	729
Disposals	-	-	(1)	(1)
Transfers	(13)	-	13	-
At 31 December 2017	82	44	602	728
Depreciation				
At 1 January 2017	52	24	329	405
Charge for the year	7	7	66	80
On disposals	-	-	(1)	(1)
On transfers	(3)	-	3	-
At 31 December 2017	56	31	397	484
Net book value				
At 31 December 2017	26	13	205	244
At 31 December 2016	43	20	261	324

14 Fixed asset investments

	Investments in group companies £ 000
Cost	
At 1 January 2017	244
At 31 December 2017	244
Provision	
At 1 January 2017	-
At 31 December 2017	-
Net book value	
At 31 December 2017	244
At 31 December 2016	244

The directors of the company have undertaken a review of the company's investment in group undertaking as at 31 December 2017. There are no indications of impairment and the carrying value of the investment is correct.

Details of the company's group undertaking as at 31 December 2017 are as follows:

Name of subsidiary	Registered office	Class of shares held	Proportion of ownership interest
Zenith Oilfield Technology LLC	Governorate of Muscat, Muttrah, Ruwi, Muscat, 112, Oman	Ordinary	70%

Zenith Oilfield Technology Ltd

Notes to the Financial Statements

15 Stock

	2017 £ 000	2016 £ 000
Raw materials and consumables	4,076	4,017
Work in progress	600	523
Finished goods and goods for resale	2,763	2,039
	7,439	6,579

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £16,975,810 (2016: £11,425,000).

16 Debtors

	2017 £ 000	2016 £ 000
Due within one year		
Trade debtors	3,489	3,732
Amounts owed by group undertakings	34,603	33,708
Derivative financial instruments	383	57
Prepayments and accrued income	49	226
Corporation tax receivable	174	227
Other debtors	968	93
	39,666	38,043

17 Creditors: Amounts falling due within one year

	2017 £ 000	2016 £ 000
Trade creditors	3,207	3,056
Accruals and deferred income	775	1,539
Amounts owed to group undertakings	323	2,763
Other taxation and social security	543	-
Derivative financial instruments	216	182
Corporation tax payable	156	66
Other current financial liabilities	46	95
	5,266	7,701

18 Provision for liabilities

	Warranty provision £ 000	EHS provision £ 000	Total £ 000
At 1 January 2017	(10)	4	(6)
Additions during the year	11	16	27
At 31 December 2017	1	20	21

The Environment Health & Safety (EHS) provision was created in 2014 and the adequacy of this provision is reviewed annually. The provision covers the cost of any site clean up costs expected during the normal course of business.

The warranty provision is a periodic accrual of costs for replacements and modifications performed to correct product defects within the defined warranty period.

19 Share capital

Allotted, called up and fully paid shares

	2017 No. 000	2017 £ 000	2016 No. 000	2016 £ 000
Ordinary shares of £1 each	106	106	106	106

20 Operating lease commitments

The total future value of minimum lease payments is as follows:

	2017 £ 000	2016 £ 000
Within one year	166	166
In two to five years	664	664
In over five years	1,162	1,328
	1,992	2,158

21 Pension commitments

The company is a member of a group pension plan providing benefits based on final pensionable pay. The group pension plan, GE Pension Plan, covers a number of United Kingdom subsidiary companies of General Electric Company. There is no contractual agreement or stated policy for charging the net defined benefit cost for the plan as a whole to participating entities, so the net defined benefit cost is recognised fully in the separate financial statements of the group entity that is legally the principal employer for the plan, which is GEH Holdings. The company recognises a cost equal to their contribution payable for the period. The contribution payable by the participating employers in the GE Pension Plan are based on the latest schedule of contributions agreed between the Trustee of the GE Pension Plan and the principal employer.

The last full actuarial valuation was carried out as at 31 March 2015 by a qualified independent actuary. At this date there was a funding deficit of £164 million and a funding level of 96.2%.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The pension charge for the year was £184,000 (2016: 221,000), including £184000 (2016: £221,000) in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

22 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Sondex Wireline Limited, a company registered at Building X107 Range Road, Cody Technology Park, Farnborough, Hampshire, GU14 0FG.

The smallest group in which the results are consolidated is that headed by Baker Hughes, a GE company, LLC, a company registered at 17021 Aldine Westfield Road, Houston, Texas, 77073, USA.

The largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company registered at 41 Farnsworth Street, Boston, Massachusetts, 02210, USA. The consolidated financial statements of this company are available to the public and may be obtained from the registered address or at www.ge.com.