Team Energy Resources Limited

Annual report and financial statements

Registered number 02125855

31 December 2014

Contents

Director and officers

Director:	P L Alcock
Secretary:	R C Higham
Registered office:	Ferryside Ferry Road Norwich Norfolk NR1 1SW
Auditor:	KPMG LLP Chartered Accountants 6 Lower Brook Street Ipswich Suffolk IP4 1AP

Strategic report

The director presents his Strategic report for the year ended 31 December 2014.

Principal activities

Team Energy Resources Limited is part of the manpower business of Acteon, which is a global subsea services organisation. The group comprises a number of industry-leading brands, which are principally focused on those aspects of offshore oil and gas development and operations which link wells on the seabed with facilities on the surface.

Business model

Team is a leading international agency provider of manpower services to the offshore oil and gas industry. Using its extensive contractor database the company supplies labour requirements to its customer base within the drilling, completion and intervention, pipeline and process and subsea inspection sectors.

The company employs approximately 40 people from its offices in Norwich and Aberdeen, UK.

Business review and results

Even though 2014 saw a continued improvement in global economic conditions, a very significant fall in the price of crude oil occurred during the second half of the year, which caused oil and gas companies to reconsider and reduce their investment plans and activity levels in order to conserve cash and support profit margins in the short term. The company's performance reflects this industry backdrop in that despite activity levels increasing on previous years, the continued pressures on margins resulted in overall profitability falling compared to 2013. Turnover in the year was £28,278,000 *(2013: £27,564,000)* and profit after taxation was £492,000 *(2013: £544,000)*.

Key performance indicators

Key performance indicators pertinent to the company are shown below. This demonstrates the underlying operational performance (gross margin and EBITDA) and the level of continued investment in the company's underlying revenue generating resources (average number of employees).

	2014	2013
Gross Margin % of revenues	**7.5%**	8.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA) (£000)*	**817**	956
Average number of employees	**41**	42

* Prior to exceptional items, and certain costs totalling £48,000 (*2013: £69,000*) of a non-operating nature.

Principal risks and uncertainties

The director has taken steps to ensure that the day-to-day risks which face the company such as, health and safety and commercial risks, are managed comprehensively by the company, by insurance covers which should mitigate the impact of risks turning into reality, and by the preparation and review of comprehensive monthly management financial reporting packages which can alert the board where appropriate to developments in trading performance and cash management.

Any business operates against a background of risks and uncertainties. The director believes that the principal such risks facing the company are:

- There could be a tail-off in the current activity levels in the offshore oil and gas exploration and production industry worldwide as a result of various factors including, but not limited to, a fall in oil prices.
- It could become more difficult to recruit and retain the highly qualified and experienced staff and consultants required in order to provide its services.
- The considerable health and safety risks which are inherent to the offshore oil and gas industry.

Strategic report *(continued)*

Future developments

The director believes that given the fall in the prevailing oil price, (which in 2014 fell from over $100 per barrel to a low of $47 per barrel and continues in 2015 to fluctuate between $50-$60 per barrel range), oil companies' capital and operational expenditure is expected to reduce in the short-term, impacting directly on the activity levels of the company. Measures are being taken however to mitigate the impact of this on margins and profitability, while seeking to retain its capabilities and capacity for when increased demand materialises.

Signed by

P L Alcock
Director

Ferryside
Ferry Road
Norwich
NR1 1SW

17 April 2015

Director's report

The director notes that, as a result of the Strategic report and Directors' report regulations 2013 (which are amendments to the Companies Act 2006) some of the reporting which would previously have been contained within the Director's report must now (along with certain other reporting) appear within the Strategic report. The Director's report now contains the remaining information required by statute to be disclosed.

Financial instruments

The company sells to most of its clients on customary credit terms and is, as a result, exposed to the usual credit risk and cashflow risk associated with this form of trading. It manages this risk through its credit control procedures. The existence of these trade credit facilities does not expose the company to price risk or liquidity risk.

The company does not currently deploy interest rate or currency hedging since these risks are dealt with by, and at the level of, its parent company.

Proposed dividend

No dividend *(2013: £400,000)* was paid during the year.

Director

The director who served during the year and up to the date of this report was as follows:

P L Alcock

Disclosure of information to auditor

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

Auditor

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

Signed by

P L Alcock
Director

Ferryside
Ferry Road
Norwich
NR1 1SW

17 April 2015

Statement of director's responsibilities in respect of the Strategic report, the Director's report and the financial statements

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- 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 company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

Independent auditor's report to the members of Team Energy Resources Limited

We have audited the financial statements of Team Energy Resources Limited for the year ended 31 December 2014 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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, 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.

Stephen Muncey

Stephen Muncey (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
6 Lower Brook Street
Ipswich
Suffolk
IP4 1AP

23 April 2015

Profit and loss account
for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	2	**28,278**	27,564
Cost of sales		**(26,157)**	(25,311)
Gross profit		**2,121**	2,253
Total administrative expenses		**(1,364)**	(1,376)
Operating profit		**757**	877
Interest receivable and similar income	5	**35**	16
Interest payable and similar charges	6	**(126)**	(137)
Profit on ordinary activities before taxation	3-4	**666**	756
Tax on profit on ordinary activities	7	**(174)**	(212)
Profit for the financial year	15	**492**	544

There were no recognised gains or losses other than those reported above.

Turnover and operating profit in the current and previous year arose wholly from continuing operations.

Balance sheet
at 31 December 2014

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	*9*	**38**		24	
Investments	*10*	**121**		121	
			159		145
Current assets					
Debtors	*11*	**6,619**		6,383	
		6,619		6,383	
Creditors: amounts falling due within one year	*13*	**(5,605)**		(5,847)	
Net current assets			**1,014**		536
Net assets			**1,173**		681
Capital and reserves					
Called up share capital	*14*		**60**		60
Profit and loss account	*15*		**1,113**		621
Shareholders' funds	*16*		**1,173**		681

These financial statements were approved by the director on 17 April 2015 and were signed by:

P L Alcock
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation of financial statements
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Acteon Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Acteon Group Limited, within which this company is included, can be obtained from the address given in note 19.

Going Concern
The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report on pages 2 and 3.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Acteon Group Limited, the company's director has a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus he continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover
Turnover comprises the value of goods and services supplied by the company in the normal course of business, net of trade discounts and sales taxes.

The company recognises turnover in line with the fulfilment of its contractual obligations. In most cases relating to the supply of goods this represents the fulfilment of all obligations contained in its contracts. However in certain circumstances specific elements of the total income relating to a contract are recognised where completion of these elements entitles the company to the income.

Rental and operating lease income is recognised on a straight line basis over the period of the rental or lease contract.

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less 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:

Office equipment	4 years straight line

Operating leases
Operating lease rentals are charged on a straight line basis over the lease term.

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of transaction. Exchange differences are taken into account in arriving at the profit before taxation.

Taxation
The charge or credit for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Full provision is made for deferred tax assets and liabilities arising from all timing 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 more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Deferred tax assets and liabilities are not discounted.

Pensions
The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2 Turnover

Disclosure by geographical sector has not been made as required under SI2008 No. 410 Schedule 1 paragraph 68 (2) of the Companies Act 2006 as the director is of the opinion that disclosure of such information would be seriously prejudicial to the interests of the company.

3 Notes to the profit and loss account

Profit on ordinary activities before taxation is stated after charging

	2014	2013
	£000	£000
Depreciation written off tangible fixed assets		
Owned	**12**	10
Auditor's remuneration		
Audit of these financial statements	**12**	12

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Acteon Group Limited.

Notes *(continued)*

4 Staff numbers and costs

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

	Number of employees	
	2014	2013
Director	**1**	1
Technical, sales and administration	**40**	41
	41	42

	2014	2013
	£000	£000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	**1,882**	2,006
Social security costs	**227**	227
Other pension costs (note 18)	**28**	10
	2,137	2,243

No emoluments were paid to one director who served during the period. These costs were borne by another group company. It is not possible to allocate a fair apportionment of these costs as services are provided to multiple entities.

5 Interest receivable and similar income

	2014	2013
	£000	£000
Exchange gains	**35**	16

6 Interest payable and similar charges

	2014	2013
	£000	£000
On bank loans and overdrafts	**126**	137

Notes *(continued)*

7 Taxation

Analysis of charge in year

	2014		2013	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the year	**107**		138	
Adjustments in respect of prior periods	**8**		4	
		115		142
Foreign tax				
Current tax on income for the year	**57**		69	
Adjustments in respect of prior periods	**7**		-	
		64		69
Total current tax		**179**		211
Deferred tax				
Origination and reversal of timing differences	**(5)**		1	
Total deferred tax (note 12)		**(5)**		1
Tax on profit on ordinary activities		**174**		212

Factors affecting the tax charge for the current year and prior year

The effective rate for 2014 is a weighted average of the applicable corporation tax rates during the year. The 23% rate was reduced to 21% from 1 April 2014. The effective rate for 2013 is a weighted average of the applicable corporation tax rates during that year. The 24% rate was reduced to 23% from 1 April 2013.

The current tax charge *(2013: charge)* is higher *(2013: higher)* than the standard rate of corporation tax in the UK, 21.50% *(2013: 23.25%)*. The differences are explained below:

	2014	2013
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before taxation	**666**	756
Current tax at 21.50% *(2013: 23.25%)*	**143**	176
Effects of:		
Expenses not deductible for tax purposes	**-**	2
Adjustments to tax charge in respect of previous periods	**15**	4
Foreign tax credits not used	**26**	29
Depreciation in excess of capital allowances	**2**	-
Utilisation of tax losses and other deductions	**(7)**	-
Total current tax charge (see above)	**179**	211

Factors affecting the future tax charge

The UK corporation tax rate, as substantively enacted on 2 July 2013, will reduce to 20% effective from 1 April 2015. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes *(continued)*

8 Dividends

The aggregate amount of dividends comprises:

	2014	2013
	£000	£000
Dividends on equity capital	-	400

9 Tangible fixed assets

	Office equipment
	£000
Cost	
At beginning of year	87
Additions	26
At end of year	113
Depreciation	
At beginning of year	63
Charge for year	12
At end of year	75
Net book value	
At 31 December 2014	**38**
At 31 December 2013	24

Notes *(continued)*

10 Fixed asset investments

	Shares in group undertakings £000
Cost	
At beginning and end of year	121

The subsidiary undertakings at the year end were as follows:

Undertaking	Country of incorporation	Principal activity	Interest in ordinary shares at year end
Team Energy Resources Asia Pte Ltd	Singapore	Providing manpower services to oil and gas industry	100%

11 Debtors

	2014 £000	2013 £000
Trade debtors	6,058	5,919
Amounts owed by group undertakings	73	106
Deferred tax asset (note 12)	12	7
Other debtors and prepayments	476	351
	6,619	6,383

12 Deferred tax asset

	2014 £000
At beginning of year	7
Credit to profit and loss for the year (note 7)	5
At end of year (note 11)	12

The elements of deferred taxation are as follows:

	2014 £000	2013 £000
Difference between accumulated depreciation and capital allowances	12	7

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Bank overdraft	**3,826**	4,028
Trade creditors	**1,163**	1,175
Amounts owed to group undertakings	**26**	31
Taxation and social security (includes corporation tax)	**138**	203
Accruals and deferred income	**452**	410
	5,605	5,847

14 Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
60,000 Ordinary shares of £1 each	**60**	60

15 Profit and loss account

	2014 £000
At beginning of year	**621**
Profit for the financial year	**492**
At end of year	**1,113**

16 Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	**681**	537
Profit for the financial year	**492**	544
Dividends	**-**	(400)
Closing shareholders' funds	**1,173**	681

17 Contingent liabilities

The company has a cross guarantee with other group companies in respect of group borrowings.

18 Pension scheme

The company operates a defined contribution pension scheme the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to these funds and amounted to £28,000 *(2013: £10,000).*

There were contributions outstanding of £nil *(2013: £1,000)* at the end of the financial year.

Notes *(continued)*

19 Parent and ultimate controlling party

The company is a subsidiary undertaking of Acteon Group Limited, incorporated in the United Kingdom.

The largest and smallest group in which the results of the company are consolidated is that headed by Acteon Group Limited. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Cardiff, CF14 3UZ.

The company's ultimate parent undertaking is KKR Matterhorn Holdco Limited, a company incorporated in Jersey, and the ultimate controlling party is KKR & Co LP, a limited partnership listed on the New York Stock Exchange. The general partner of KKR & Co LP is KKR Management LLC.