

Project Ires Topco Limited

**Annual report and consolidated
financial statements**

Registered number 09113299

For the period from incorporation
on 2 July 2014 to 30 June 2015

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Strategic Report

Principal activity

The Company was incorporated on 2 July 2014. The principal activity of the Company is that of an investment holding company of Project Ires Bidco Limited, itself an intermediary holding company of PD&MS Holdings Limited and PD & MS Energy (Aberdeen) Limited. PD & MS Energy (Aberdeen) Limited is the principal trading company of the Group whose principal activity is to provide multi-disciplined engineering design and construction services to the oil and gas drilling, production and marine services.

On 11 July 2014, the Company acquired Project Ires Bidco Limited which itself acquired the PD&MS Holdings Limited Group.

These financial statements and this Strategic Report give an analysis of the results of the Company and its subsidiaries ('the Group') rather than the individual company.

The Group utilises the wealth of experience and expertise of its personnel to provide fit for purpose solutions in a professional, responsive and consistent manner to all clients.

The Group adds value to clients' requirements, undertaking high volumes of work yet still responding to the ever changing and increasing demands of the oil and gas industry.

Business model

The Group's main strategy is to maintain existing medium to long-term framework agreements with key clients. This enabled the Group to establish and grow effective relationships with senior client management to ensure quality and consistency of performance throughout the life cycle of projects.

The Group also has a track record of winning new customers and seeks to exceed the volume and duration of frameworks currently in operation.

The Group operates from its main hub of two offices in Aberdeen. The Group also contracts operations throughout the Caspian region from its office set up in Baku, Azerbaijan.

Business review

Results and dividends

The financial results for the period are set out in the profit and loss account on page 7.

On 11 July 2014 the Company acquired Project Ires Bidco Limited, which simultaneously acquired the PD&MS Holding Group, comprising PD & MS Energy (Aberdeen) Limited, PD & MS (Dundee) Limited and PDeMS Energy (Brazil) Solucoes de Energia Ltda. This acquisition represented the investment by funds managed by Inflexion Private Partners LLP in PD&MS Holdings and its subsidiaries.

The Group performed well during the period, particularly given general market conditions, with turnover of £47.0m and a gross profit of £10.2m in the period ended 30 June 2015. This reflects the Group's strategy to focus on core business with key clients and to seek to develop new business relationships at the same time.

The directors do not recommend a final dividend for the period.

The Company has agreed terms for the operating lease of a new single site office location in Aberdeen. Completion of fit out and relocation is expected by mid-2016.

Strategic report *(continued)*

Key performance indicators

The Group monitors itself against a significant number of performance indicators, some of which at a high level are as follows:

	2014/15 £m
Turnover	47.0
-Turnover UK	35.7
-Turnover overseas	11.3
Operating profit before amortisation of goodwill and intangibles	4.3
Net cash from operating activities	5.6
Cash balance	3.9

Principal risks and uncertainties

Principal risks and uncertainties include how the Group continues to operate and grow in line with projections in an increasingly competitive and cost focussed market.

The Group mitigates the risk of client loss through maintenance of excellent client relationships, and over time, expanding its portfolio of key relationships in the UK and internationally. The Group has a focussed client account programme to address any client satisfaction issues immediately and decisively, a service valued by its clients.

Whilst oil prices have reduced significantly, oil price fluctuation will always be an intrinsic part of the industry we serve. Our focus on brownfield activity and inherent operational flexibility to respond to changing market demands and conditions reduces the impact of oil price fluctuation on the company, together with our cost effective and efficient delivery model.

As the Group continues to develop business in emerging oil producing regions outside of the UK, the commercial team will navigate any potential changes in the respective taxation legislation through up to date, responsive quotations for work on a case by case basis. Third party taxation and legal advice is undertaken where considered necessary.

To ensure that all projects continue to be delivered on time and on budget to the satisfaction of clients, the Group will continue to ensure compliance with all necessary industry accredited quality and safety management systems. The Group will also continue to recruit and retain high quality personnel across all disciplines, as well as enhancing management bandwidth to ensure controls are not diluted. Significant change has taken place during the period to ensure solid foundations are in place to facilitate future growth and maintain high service standards.

The Group manages its interest rate risk through the use of fixed term loans. Further details are set out in Note 17.

The Group is supported by its main bankers, Bank of Scotland.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £1,478,000, which the Directors consider to be appropriate. In making this assessment, the Directors have considered the future financial performance of the Group headed by Project Ires Topco Limited, including the ability of the Company to comply with quarterly financial covenants under its bank facility (note 17). Financial covenants relate to Cash flow cover, Interest Cover, EBITDA to Total Debt Leverage and Capital Expenditure. After taking into consideration new customer wins subsequent to the period end, current financial forecasts and, if required for financial covenant purposes, the ability of the Company to seek additional shareholder funding from Inflexion Equity Partners LLP and Management Shareholders, the Directors consider it reasonable to expect the Company will be able to meet its financial obligations for at least 12 months from the date of approval of these financial statements.

Strategic report *(continued)*

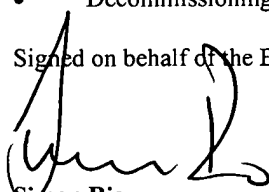
Future developments

The directors remain confident that the Group will continue to expand its share of its current niche market.

The Group will continue with its proven and highly successful strategy and supplement organic growth through:

- Development of Caspian region opportunities and other international prospects;
- Professional key account management, initially with existing clients followed by targeting new clients as an on-going area of focus – this follows significant investment and prioritisation in this area;
- Developing new business units, offering a greater depth of project life cycle services;
- Customer driven geographical expansion;
- Targeted business acquisitions;
- Decommissioning opportunities.

Signed on behalf of the Board.



Simon Rio
Director

10 November 2015

Directors' report

The directors' present their annual report and financial statements for the period from incorporation on 2 July 2014 to 30 June 2015.

Directors and company secretary

The directors who held office during the period and at the date of this report were as follows:

F Herlihy	(appointed on incorporation on 2 July 2014)
S Rio	(appointed on incorporation on 2 July 2014)
C Richards	(appointed 11 July 2014)
T Smallbone	(appointed 11 July 2014)
DJ MacKay	(appointed 11 July 2014)
RP Smeaton	(appointed 11 July 2014)

Personnel

The Group strongly values the involvement of its personnel and communicates through informal and formal means on a regular basis with regard to general performance of the business and matters affecting their current and future interests. Training is comprehensively provided and positively encouraged to further the careers and experience of personnel.

The Group's policy is that disabled people are given the same opportunities in respect of employment, training, career development and promotion as those who are not disabled, subject only to the demands of the group's operations and the abilities of disabled people to fulfil such demands. The Group accommodates those personnel who, as a result of accident, injury or deterioration in health become disabled during their employment, and offers training for alternative job opportunities.

Financial instruments

Details of the Company's principal financial instruments are given in notes 17 and 21 to the financial statements.

Donations to political organisations

The Group made no donations to any political organisations in the period.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report on page 1.

Statement as to disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

During the period, KPMG LLP was appointed auditor to the Company by the Directors. 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.

By order of the board


Simon Rio
Director

10 November 2015

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Project Ires Topco Limited

We have audited the financial statements of Project Ires Topco Limited for the period from incorporation on 2 July 2014 to 30 June 2015 set out on pages 7 to 33. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Directors' Responsibilities Statement set out on page 5, the directors are 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 Group's and of the parent company's affairs as at 30 June 2015 and of the Group's loss for the period 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 Directors' Report for the financial period 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB
10 November 2015

Consolidated Profit and Loss Account
for period ended 30 June 2015

	<i>Note</i>	2 July 2014 to 30 June 2015 £000
Turnover	3	46,992
Cost of sales		(36,753)
		<hr/>
Gross profit		10,239
Administrative expenses	4	(13,076)
		<hr/>
Group operating loss		(2,837)
<i>Analysis of operating profit</i>		
Operating profit before goodwill and intangible asset amortisation		4,302
Goodwill and intangible amortisation		(7,139)
		<hr/>
		(2,837)
Interest payable and similar charges	7	(6,792)
		<hr/>
Loss on ordinary activities before taxation		(9,629)
Tax on loss on ordinary activities	8	381
		<hr/>
Loss for the financial period		(9,248)
		<hr/>
<i>Loss attributable to</i>		
Shareholders of the parent company		(9,248)
		<hr/>

The results stated above are all derived from continuing operations.

Consolidated Other Comprehensive Income
for period ended 30 June 2015

	<i>Note</i>	2 July 2014 to 30 June 2015 £000
Loss for the period		(9,248)
Other comprehensive income		-
Other comprehensive income for the period, net of income tax		-
Total comprehensive loss for the period		(9,248)
<i>Total comprehensive income attributable to:</i>		
Shareholders of the parent company		(9,248)

Consolidated Balance Sheet at 30 June 2015

	<i>Note</i>	2015 £000	£000
Fixed assets			
<i>Intangible assets</i>			
Goodwill	2,9	26,519	
Other intangibles	2,9	32,878	
			59,397
Tangible assets	2,10		1,386
			60,783
Current assets			
Stocks	12	123	
Debtors	13	12,349	
Cash at bank and in hand	14	3,887	
		16,359	
Creditors: amounts falling due within one year	15	(7,708)	
Net current assets			8,651
			69,434
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	16	(72,146)	
Provisions for liabilities			
Deferred tax liability	18	(5,988)	
			(78,134)
Net liabilities			(8,700)
Capital and reserves			
Called up share capital	20		291
Share premium account	20		257
Profit and loss account	20		(9,248)
Shareholders' deficit			(8,700)

These financial statements were approved by the board of directors on 10 November 2015 and were signed on its behalf by:

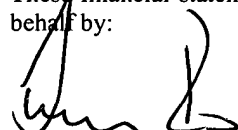

Simon Rio
Director

Company registered number: 09113299

Company Balance Sheet
at 30 June 2015

	<i>Note</i>	2015 £000	£000
Fixed assets			
Investments	<i>11</i>		331
Current assets			
Debtors	<i>13</i>	110	
		<hr/>	
Creditors: amounts falling due within one year	<i>15</i>	110 (400)	
		<hr/>	
Net current liabilities			(290)
			<hr/>
Total assets less current liabilities			41
Creditors: amounts falling due after more than one year	<i>16</i>	(1,519)	
		<hr/>	
			(1,519)
			<hr/>
Net liabilities			(1,478)
			<hr/>
Capital and reserves			
Called up share capital	<i>20</i>		291
Share premium account	<i>20</i>		257
Profit and loss account	<i>20</i>		(2,026)
			<hr/>
Shareholders' deficit			(1,478)
			<hr/>

These financial statements were approved by the board of directors on 10 November 2015 and were signed on its behalf by:



Simon Rio
Director

Company registered number: 09113299

Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Profit & loss account £000	Total equity £000
Balance at incorporation	-	-	-	-
Total comprehensive loss for the period				
Loss for the period	-	-	(9,248)	(9,248)
Total comprehensive loss for the period	-	-	(9,248)	(9,248)
Issue of shares	291	257	-	548
Total contributions by and distributions to owners	291	257	-	548
Balance at 30 June 2015	291	257	(9,248)	(8,700)

Company Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Profit & loss account £000	Total equity £000
Balance at incorporation	-	-	-	-
Total comprehensive loss for the period				
Loss for the period	-	-	(2,026)	(2,026)
Total comprehensive loss for the period	-	-	(2,026)	(2,026)
Issue of shares	291	257	-	548
Total contributions by and distributions to owners	291	257	-	548
Balance at 30 June 2015	291	257	(2,026)	(1,478)

Consolidated Cash Flow Statement
for period ended 30 June 2015

	<i>Note</i>	2015 £000
Cash flows from operating activities		
Loss for the period		(9,248)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment		7,660
Interest payable and similar charges		6,792
Loss on sale of tangible fixed assets		2
Taxation		(381)
Increase in trade and other debtors		(78)
Increase in stocks		(123)
Decrease in trade and other creditors		425
Tax received		524
Net cash from operating activities		5,573
Cash flows from investing activities		
Acquisition of a business	<i>2</i>	(48,360)
Acquisition of tangible fixed assets	<i>10</i>	(733)
Net cash from investing activities		(49,093)
Cash flows from financing activities		
Proceeds from the issue of share capital	<i>20</i>	548
Proceeds from new loan notes	<i>17</i>	49,451
Proceeds from drawdown of bank loan	<i>17</i>	20,000
Debt issue costs paid		(1,820)
Interest paid		(1,106)
Repayment of loan notes		(19,416)
Repayment of bank loans		(250)
Net cash from financing activities		47,407
Net increase in cash and cash equivalents		3,887
Cash and cash equivalents on incorporation		-
Cash and cash equivalents at 30 June	<i>14</i>	3,887

Notes

(forming part of the financial statements)

1 Accounting policies

Project Ires Topco Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (‘FRS 102’) as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Key judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 2 (fair valuation and useful economic lives of acquired intangible assets), note 9 (carrying value at 30 June 2015 of intangible assets), note 13 (accounting for revenue and contract work in progress), note 22 (lease classification) and note 23 (contingencies).

1.1 Measurement convention

The financial statements are prepared on the historical cost basis as noted below:

1.2 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £1,478,000, which the Directors consider to be appropriate. In making this assessment, the Directors have considered the future financial performance of the Group headed by Project Ires Topco Limited, including the ability of the Company to comply with quarterly financial covenants under its bank facility (note 17). Financial covenants relate to Cash flow cover, Interest Cover, EBITDA to Total Debt Leverage and Capital Expenditure. After taking into consideration new customer wins subsequent to the period end, current financial forecasts and, if required for financial covenant purposes, the ability of the Company to access additional shareholder funding from Inflexion Equity Partners LLP, the Directors consider it reasonable to expect the Company will be able to meet its financial obligations for at least 12 months from the date of approval of these financial statements.

Notes (continued)

1 Accounting policies (continued)

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2015. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A special purpose entity (SPE) is consolidated if the Group concludes that it controls the SPE.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.6 Basic financial instruments

Investments in equity instruments

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through the profit and loss account. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in the profit and loss account. Other investments are measured at cost less impairment in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the profit and loss account except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on re-measurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into the profit and loss account using the effective interest method over the remaining life of the hedged item.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in other comprehensive income is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in the profit and loss account the hedging gain or loss is reclassified to the profit and loss account. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Notes (continued)

1 Accounting policies (continued)

1.8 Tangible fixed assets

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- | | | |
|------------------------------------|---|----------------------------|
| • Leasehold improvements | - | over the term of the lease |
| • IT and office equipment | - | 3-5 years straight line |
| • Fixtures, fittings and equipment | - | 5 years straight line |
| • Motor vehicles | - | 4 years straight line |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.9 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Notes (continued)

1 Accounting policies (continued)

1.10 Intangible assets, goodwill and negative goodwill

Goodwill

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

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in the profit and loss account in the periods expected to benefit.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

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

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

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

Amortisation

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

- Brands 10 years
- Customer relationships 10 years
- Order backlog 3 months

The basis for choosing these useful lives is based on management's assessment of the intangibles useful life at the date of acquisition.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Notes (continued)

1 Accounting policies (continued)

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.12 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the profit and loss account is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the profit and loss account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss account.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss account. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (continued)

1 Accounting policies (continued)

1.14 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.15 Turnover

Turnover is stated excluding value added tax and sales taxes.

Turnover is recognised on an accruals basis on delivery of the related goods or services.

For turnover relating to amounts under long term contracts, the amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred plus attributable profits, less amounts transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

1.16 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the profit and loss account over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in the profit and loss account using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Interest payable is recognised in the profit and loss account as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.17 Taxation

Tax on the profit and loss account for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

1.18 Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

2 Acquisitions and disposal of businesses

Acquisitions in the current period

On 11 July 2014, the Group acquired all of the ordinary shares of PD&MS Holdings Limited for £49,396,000. The company and its subsidiaries provides multi-disciplined engineering design and construction services to the oil and gas, drilling, production and marine industries. The business contributed turnover of £46,992,000 and net profit of £3,479,000 to the total turnover and net profit for the period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	1,176	-	1,176
Intangible assets	-	37,169	37,169
Trade and other debtors	12,011	-	12,011
Corporate tax receivable	398	601	999
Cash	1,036	-	1,036
Interest-bearing loans and borrowings	(19,416)	-	(19,416)
Trade and other creditors	(6,239)	-	(6,239)
Deferred tax liabilities	(17)	(6,690)	(6,707)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	(11,051)	31,080	20,029
	<hr/>	<hr/>	<hr/>
Total cost of business combination:			
Consideration paid:			
Initial cash price paid			46,008
Costs directly attributable to the business combination			3,388
			<hr/>
Total consideration			49,396
			<hr/>
Goodwill on acquisition			29,367
			<hr/>

Net cash flow relating to the acquisition reported in the cash flow statement is £48,360,000 comprising consideration paid of £49,396,000 less £1,036,000 cash acquired.

In determining the fair value of intangibles acquired (customer relationships, brand and order backlog) the Group applied the income approach to ascertain the discounted cash flows expected to be derived from the use of the assets.

Key estimates were in respect of the measurement of the present value of the future cash flows applied in the valuations, which require estimation of specific future earnings and growth and the application of an appropriate discount rate.

The expected useful life of goodwill arising from this acquisition is estimated at 10 years.

Notes (continued)

3 Turnover

All turnover arises from the Group's principal activity.

	2 July 2014 to 30 June 2015 £000
United Kingdom	35,691
Asia	11,301
	<hr/> 46,992 <hr/>

4 Expenses and auditor's remuneration

	2 July 2014 to 30 June 2015 £000
--	--

Included in profit/loss are the following:

Amortisation of goodwill and intangible assets	7,139
Depreciation of tangible assets	521
Operating lease rentals	1,137
Hire of other assets – operating leases	95
	<hr/>

Auditor's remuneration:

Audit of these financial statements	6
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Disclosures below are amounts receivable in respect of other services to the company and its subsidiaries:

Amounts receivable by the company's auditor and its associates in respect of:

- Audit of financial statements of subsidiaries of the company	25
- Audit-related assurance services	4
- Taxation compliance services	8
- Other tax advisory services	60
- All other services	14
	<hr/>

Notes (continued)

5 Staff numbers and costs

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

	2 July 2014 to 30 June 2015
Directors	7
Administration	32
Direct labour	35
	<hr/> 74 <hr/>

The aggregate payroll costs of these persons were as follows:

	2 July 2014 to 30 June 2015 £000
Wages and salaries	4,070
Social security costs	403
Pension costs	9
	<hr/> 4,482 <hr/>

6 Directors' remuneration

	2 July 2014 to 30 June 2015 £000
Emoluments for qualifying services	968
Amounts paid to body corporates controlled by directors (note 18)	203
Company contributions to money purchase pension scheme	9
	<hr/> 1,180 <hr/>

The remuneration of the highest paid director was £330,000. Company pension contributions of £4,000 (2014: £4,000) were made to money purchase schemes on his behalf. Retirement benefits are accruing to two directors under money purchase schemes.

Notes (continued)

7 Interest payable and similar charges

	2 July 2014 to 30 June 2015 £000
Net loss on financial liabilities measured at fair value through the profit and loss account	158
Interest payable on loan notes	5,236
Interest payable on bank loan	1,108
Amortisation of loan issue costs	290
	<hr/>
Total other interest payable and similar charges	6,792
	<hr/> <hr/>

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2 July 2014 to 30 June 2015 £000	£000
<i>Current tax</i>		
Current tax on income for the period		
- UK corporation tax	335	
- Foreign tax	8	
	<hr/>	
Total current tax		343
<i>Deferred tax (see note 18)</i>		
Origination and reversal of timing differences	(724)	
	<hr/>	
Total deferred tax		(724)
		<hr/>
Total tax credit		(381)
		<hr/> <hr/>

	2 July 2014 to 30 June 2015	£000	£000	£000
	Current tax	Deferred tax	Total tax	
Recognised in Profit and loss account	343	(724)	(381)	
	<hr/>	<hr/>	<hr/>	
Total tax charge/(credit)	343	(724)	(381)	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

Notes (continued)

8 Taxation (continued)

Reconciliation of total effective tax rate

	2 July 2014 to 30 June 2015 £000
Loss for the period	(9,248)
Total tax credit	(381)
	<hr/>
Loss excluding taxation	(9,629)
	<hr/>
Tax using the UK corporation tax rate of 20.75%	(1,998)
Effect of tax rates in foreign jurisdictions	183
Non-deductible expenses	1,434
	<hr/>
Total tax credit included in profit or loss	(381)
	<hr/>

Non-deductible expenses relate comprise goodwill amortisation and disallowable interest charged on loan notes.

Factors affecting the future tax charge

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the Company's future current tax charge accordingly.

Notes (continued)

9 Intangible assets and goodwill

Group

	Goodwill £000	Brand £000	Customer relationships £000	Order backlog £000	Total £000
<i>Cost</i>					
Balance at incorporation	-	-	-	-	-
Acquisitions through business combinations	29,367	4,689	31,721	759	66,536
	<u>29,367</u>	<u>4,689</u>	<u>31,721</u>	<u>759</u>	<u>66,536</u>
Balance at 30 June 2015	29,367	4,689	31,721	759	66,536
	<u>29,367</u>	<u>4,689</u>	<u>31,721</u>	<u>759</u>	<u>66,536</u>
<i>Amortisation</i>					
Balance at incorporation	-	-	-	-	-
Amortisation for the period	2,848	455	3,077	759	7,139
	<u>2,848</u>	<u>455</u>	<u>3,077</u>	<u>759</u>	<u>7,139</u>
Balance at 30 June 2015	2,848	455	3,077	759	7,139
	<u>2,848</u>	<u>455</u>	<u>3,077</u>	<u>759</u>	<u>7,139</u>
Net book value					
At incorporation	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2015	26,519	4,234	28,644	-	59,397
	<u><u>26,519</u></u>	<u><u>4,234</u></u>	<u><u>28,644</u></u>	<u><u>-</u></u>	<u><u>59,397</u></u>

Amortisation charge

The amortisation of intangible assets and goodwill is recognised in the following line items in the profit and loss account:

	2 July 2014 to 30 June 2015 £000
Administrative expenses	7,139
	<u><u>7,139</u></u>

The carrying value of goodwill and intangible assets is assessed by the Directors at each period end to ensure the carrying value is not stated in excess of its recoverable amount (as set out in note 1).

Key estimates (when calculating value in use) are in respect of the measurement of the present value of the future cash flows of the underlying trading activity, which requires estimation of future earnings and growth and the application of an appropriate discount rate.

Notes (continued)

10 Tangible fixed assets

<i>Group</i>	Leasehold improve- ments £000	IT & office equipment £000	Fixtures, fittings & equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>					
Balance at incorporation	-	-	-	-	-
Acquisitions through business combinations	473	599	102	2	1,176
Additions	352	360	21	-	733
Disposals	-	-	-	(2)	(2)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	825	959	123	-	1,907
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation and impairment</i>					
Balance at incorporation	-	-	-	-	-
Depreciation charge for the period	213	261	47	-	521
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	213	261	47	-	521
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At incorporation	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	612	698	76	-	1,386
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The company has no tangible fixed assets.

11 Investments

	Shares in group undertakings £000	Total £000
<i>Cost and net book value</i>		
On incorporation	-	-
Additions	331	331
	<hr/>	<hr/>
	331	331
	<hr/>	<hr/>

The undertakings in which the Group's and Company's interest at the period end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held Group	Company
<i>Subsidiary undertakings</i>				
Project Ires Bidco Limited	United Kingdom	Investment holding company	Ordinary 100%	Ordinary 100%
PD&MS Holdings Limited	United Kingdom	Investment holding company	Ordinary 100%	-
PD & MS Energy (Aberdeen) Limited	United Kingdom	Services to the oil and gas industry	Ordinary 100%	-
PD&MS (Dundee) Limited	United Kingdom	Non-trading	Ordinary 100%	-
PDeMS Energy (Brazil) Soluções de Energia Ltda	Brazil	Non-trading		-

Notes (continued)

12 Stocks

	Group 2015 £000
Consumables	123

13 Debtors

	Group 2015 £000	Company 2015 £000
Trade debtors	8,283	-
Amounts recoverable on long term contracts	845	-
Corporation tax receivable	138	91
Other debtors	16	16
Prepayments and accrued income	3,067	3
	<hr/>	<hr/>
Total – due within one year	12,349	110

Estimation can be required in the measurement and recognition of revenue and associated trade debtors, amounts recoverable on long term contracts and accrued income. For fixed price contracts, key estimates can include the remaining costs to complete and the outcome of commercial discussions in respect of sales variation orders. Profit attributable to the stage of completion of a long term contract is recognised only when the outcome of the contract can be foreseen with reasonable certainty.

Included within prepayments and accrued income is £125,000 of loan note issue costs due to unwind in the next year.

14 Cash and cash equivalents

	2015 £000
Cash and cash equivalents per cash flow statements - Cash at bank and in hand	3,887

15 Creditors: amounts falling due within one year

	Group 2015 £000	Company 2015 £000
Secured bank loans and loan notes (note 17)	888	-
Trade creditors	3,038	90
Amounts owed to group undertakings	-	185
Taxation and social security	879	-
Other financial liabilities – interest rate swap derivative (note 21)	158	-
Accruals and deferred income	2,745	125
	<hr/>	<hr/>
	7,708	400

Notes (continued)

16 Creditors: amounts falling after more than one year

	Group 2015 £000	Company 2015 £000
Secured loan notes (note 17)	54,064	1,519
Secured bank loans (note 17)	18,082	-
	<u>72,146</u>	<u>1,519</u>

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2015 £000	Company 2015 £000
Creditors falling due after more than one year		
Secured loan notes – Series A	48,158	-
Secured loan notes – Series B	6,531	1,519
Unamortised issue costs	(625)	-
	<u>54,064</u>	<u>-</u>
Secured bank loans	18,700	-
Unamortised issue costs	(618)	-
	<u>72,146</u>	<u>1,519</u>
Creditors falling due within less than one year		
Secured bank loans	1,050	-
Unamortised issue costs	(162)	-
	<u>73,034</u>	<u>1,519</u>
Total interest-bearing loans and borrowings	<u>73,034</u>	<u>1,519</u>

	Currency	Nominal interest rate	Period of Maturity	2015 £000
Secured bank loan (A loan)	Sterling	Libor plus margin between 3-4.5%	2019	5,750
Secured bank loan (B loan)	Sterling	Libor plus margin between 3-4.5%	2020	14,000
Secured loan notes Series A	Sterling	10%	2021	48,158
Secured loan notes Series B	Sterling	10%	2021	6,531
Unamortised issue costs				(1,405)
				<u>73,034</u>

Included within Secured loan notes (Series A and B) are amounts repayable on maturity after five years of £48,158,000 and £6,531,000 respectively. These amounts are stated before £625,000 of unamortised issue costs and include £5,236,000 of accrued interest. Interest on Secured loan notes accrues quarterly and is rolled up into the capital and payable on the maturity date.

The Secured A bank loan is repayable in quarterly instalments of between £250,000 and £450,000 each until the date of maturity, noted above, when the residual principal balance matures and is repayable. The secured B bank loan is repayable in full in 2020.

The loan notes and bank loans are both secured by a fixed and floating charge over the shares and assets of the Company and its subsidiary undertakings.

Notes (continued)

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2015 £000	Liabilities 2015 £000	Net 2015 £000
Accelerated capital allowances	-	(70)	(70)
Arising on business combinations	-	(5,918)	(5,918)
	<hr/>	<hr/>	<hr/>
	-	(5,988)	(5,988)
	<hr/>	<hr/>	<hr/>

The company has no deferred tax assets or liabilities.

19 Employee benefits

The Group's subsidiaries operate a number of defined contribution pension plans. The total expense relating to these plans in the current period was £9,000.

20 Capital and reserves

(a) Share capital

In thousands of shares

On issue at incorporation
Issued for cash

At 30 June 2015

Ordinary
shares
2015

-
291

291

2015
£000

Allotted, called up and fully paid
218,828 'A' ordinary shares of £1 each
31,172 'B' ordinary shares of £1 each
36,691 'C' ordinary shares of £1 each
4,694 'D' ordinary shares of £1 each

219
31
36
5

291

The A ordinary shares were issued at par at £218,828 (£1 each).
The B ordinary shares were issued at par at £31,172 (£1 each).
The C ordinary shares were issued at £293,409 (£8 each), a premium of £256,720 (£7 a share).
The D ordinary shares were issued at par at £4,694 (£1 each).

Save as set out below, the A, B and C ordinary shares shall be treated pari passu and as if they constituted one class of share.

D ordinary shares have no right to participate in any dividend. A, B and C shares rank pari passu in this respect.

Each share class has equal voting rights at one vote per share, except when the company is in material default of its loan or investor agreements, in which case the voting rights of A ordinary shares are multiplied by a factor of 100,000 and the holders would be able to pass written resolutions and new shares may be issued ranking ahead of, or pari passu with B, C or D shares.

Notes (continued)

20 Capital and reserves (continued)

On a return of capital, liquidation, capital reduction or otherwise, the surplus assets of the company remaining after payment of its liabilities (including the loan notes) shall be applied in the following order of priority:

- firstly, in paying to each holder of A ordinary shares, B ordinary shares, C ordinary shares and D ordinary shares an amount equal to the Issue Price of all A ordinary shares, B ordinary shares, C ordinary shares and D ordinary shares held by him; and,
- thereafter, in distributing the balance of such assets amongst the holders of the A ordinary shares, B ordinary shares and the C ordinary shares (pari passu as if they constituted one class of share) in proportion to the numbers of the A ordinary shares, B ordinary shares and C ordinary shares held by them respectively provided that each holder of the D ordinary shares shall only be entitled to receive 1/1000th per D ordinary share of the amount received by a holder of a B ordinary share or a C ordinary share.

(b) Share premium

Share premium represents the excess of the proceeds received from the issue of shares over the nominal value of those shares.

(c) Profit and loss account

Profit and loss account comprises cumulative undistributed earnings of the Group.

The loss for the company (after tax) for the period was £2,026,000.

21 Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities, analysed by their measurement basis comprise:

	Note	Group Amortised cost £000	Group Fair value £000	Company Amortised cost £000
Trade receivables	13	8,283	-	-
Amounts receivable on long term contracts	13	845	-	-
Cash	14	-	-	-
Trade creditors	15	3,038	-	(90)
Interest rate swap derivative	15	-	(158)	-
-Amounts owed to group undertakings		-	-	(185)
Accruals	15	2,745	-	(125)
Secured bank loan	17	(18,970)	-	-
Secured loan notes	17	(54,064)	-	(1,519)
		<u>(58,123)</u>	<u>(158)</u>	<u>(1,919)</u>

(b) Financial instruments measured at fair value

The fair value of interest rate swaps is based on mid-market levels at the balance sheet date.

These swaps comprise the only financial assets and financial liabilities carried at fair value in the Group. No financial assets or liabilities are carried at fair value in the Company.

	Fair value 2015 £000
Other financial liabilities – interest rate swap derivative	(158)

Notes (continued)

22 Operating leases

The total remaining cost of the Group's non-cancellable operating lease rentals are payable as follows:

	Group 2015 £000
Less than one year	602
Between one and five years	400
More than five years	19,983
	<hr/> 20,985 <hr/>

During the period £1,232,000 was recognised as an expense in the profit and loss account in respect of operating leases.

Judgment can be required in determining the appropriate lease classification for significant operating leases. The Group's principal operating lease commitment relates to a new office location in Aberdeen. Completion of fit out and relocation to this site is expected by mid-2016.

23 Contingencies

The company may, from time to time, be subject to claims or proceedings in the normal course of business. The directors believe, based on the information currently available to them, that the likelihood of a material outflow of economic benefit arising in relation to such matters is remote.

24 Related parties

Group

Key management personnel

Total compensation of key management personnel (comprising the directors) amounted to £1,180,000 (Note 5).

Transactions with director related parties

During the period the Company contracted on an arm's length basis with Team Consultancy & Development Limited, a company owned by DJ MacKay for the provision of consultancy services. The value of the transactions in the period was £7,680. A balance of £nil was due to Team Consultancy & Development Limited at the balance sheet date.

Fees paid to directors representing Inflexion Private Equity Partners LLP amounted to £194,000.

The value of these transactions is included within directors' remuneration disclosed in Note 6.

Other related party transactions – loan notes

The Company and its subsidiaries have issued loan notes to Inflexion Private Equity Partners LLP. The principal amount outstanding at the period end and the principal terms are disclosed in note 17.

Certain Series B Loan notes, the principal terms of which are set out in note 17, were issued on 11 July 2014 to Directors of the Company as follows: S Rio (£737,000 principal and £78,000 cumulative accrued interest); F Herlihy (£636,000 principal and £67,000 cumulative accrued interest); DJ MacKay (£646,000 principal and £68,000 cumulative accrued interest); and RP Smeaton (£103,000 principal and £11,000 accrued interest).

Company

The Company subscribed for 72,557 ordinary B, C and D shares in Project Ires Bidco Limited on 11 July 2014. On 11 July 2014, the Company was transferred £1,373,000 10% loan notes issued by Project Ires Bidco Limited.

During the period, the Company has surrendered in exchange for consideration, tax losses to PD & MS Energy (Aberdeen) Limited with a value of £91,000. The related receivable is outstanding as at 30 June 2015.

Notes *(continued)*

25 Ultimate parent company and parent company of larger group

Funds managed by Inflexion Private Equity Partners LLP are the company's majority shareholders.

No other consolidated group financial statements include the results of the Company.