

**Aquatic Engineering & Construction Limited**

**Annual report and financial statements**

**Registered number SC123734**

**31 December 2014**

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## **Director and officer**

Director:	Dr B Bruggaier
Secretary:	Burness Paull LLP
Registered office:	Union Plaza (6 <sup>th</sup> Floor) 1 Union Wynd Aberdeen AB10 1DQ
Auditor:	KPMG LLP Chartered Accountants 37 Albyn Place Aberdeen AB10 1JB

## Strategic report

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

### Principal activities

Aquatic Engineering & Construction Limited is part of the Foundations and Moorings business of Acteon, which is a global subsea services organisation. The group comprises of 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

Aquatic supplies a range of power reel systems which are deployed by clients for flexible pipe and umbilical lay. The company also possess leading engineering skills in many of the areas in which it operates.

It employs over 130 people, most with technical skills, from its base in Aberdeen, UK. The company works both independently and in partnership with other Acteon companies to serve industry clients.

### Business review and results

The company performed satisfactorily during 2014, reflecting the increased investment activities by many of its clients. This is despite the significant fall in the price of crude oil during the second half of the year which the director anticipates will impact the company in 2015. Turnover for the year was £28,614,000 (2013: £26,497,000) and the profit after taxation was £7,451,000 (2013: £6,441,000).

The company's balance sheet shows a net current liability position of £378,000 (2013: £8,645,000), as a result of amounts owed to its parent company. Despite this the accounts have been drawn up on a going concern basis due to the continued parental support received as explained in note 1.

### 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 (fixed assets and average number of employees).

	2014	2013
Gross Margin % of revenues	46.2%	43.8%
Earnings before interest, tax, depreciation and amortisation (EBITDA) (£000)*	11,268	10,744
Net book value of fixed assets (£000)	17,962	18,572
Average number of employees	135	126

\* Prior to exceptional items and certain costs totalling £386,000 (2013: £369,000) of a non-operating nature.

### Principal risks and uncertainties facing the company

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. Continual communication with its parent undertaking is also maintained throughout the year.

## Strategic report *(continued)*

### Principal risks and uncertainties facing the company *(continued)*

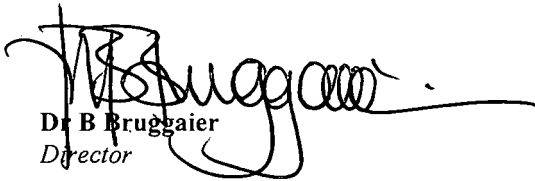
Any business operates against a background of risks and uncertainties. The director believes that the principal such risks facing the company are:

- There could be a tail-off in the 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.
- Lead times and availability of raw materials and components which are required in order for the company to provide its products and services could deteriorate from their current levels.
- It could become more difficult to recruit and retain the highly qualified and experienced staff required in order to operate.
- The considerable health and safety risks which are inherent to the offshore oil and gas industry.
- The withdrawal of parent support in light of the net current liability position of the company.

### 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 will 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. There is also no indication that parent support will not be maintained for the foreseeable future.

Signed on behalf of the board

  
Dr B Bruggaier  
Director

6<sup>th</sup> Floor  
Union Plaza  
1 Union Wynd  
Aberdeen  
AB10 1DQ

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 matters which would previously have been contained within the Director's report must now (along with certain other reporting) appear within the separate Strategic report. The Director's Report now contains the remaining information required by statute to be disclosed.

### Research and development

The company undertakes little in the way of pure research, but development is an important part of its offering. Many of its flexible products have been developed directly in response to client requirements.

### 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 cash flow 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 group 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

Dividends paid during the year comprise an interim dividend in respect of the year ended 31 December 2014 of £nil (2013: £2,000,000).

### Directors

The director who served during the year was as follows:

Dr B Bruggaier

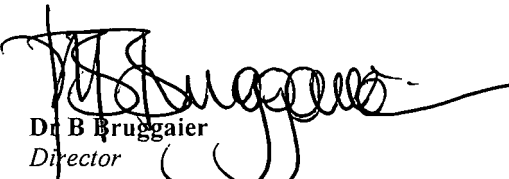
### Disclosure of information to auditor

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 he 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.

By order of the board

  
Dr B Bruggaier  
Director

6th Floor  
Union Plaza  
1 Union Wynd  
Aberdeen  
AB10 1DQ

17 April 2015

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

The director is responsible for preparing the Strategic Report, 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 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; 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.



## **Independent auditor's report to the members of Aquatic Engineering & Construction Limited**

We have audited the financial statements of Aquatic Engineering & Construction Limited for the year ended 31 December 2014 set out on pages 7 to 18. 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 director 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](http://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.

**Emily Young (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
37 Albyn Place  
Aberdeen  
AB10 1JB

23 April 2015



**Profit and loss account**  
*for the year ended 31 December 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>28,614</b>	<b>26,497</b>
Cost of sales		(15,382)	(14,885)
<b>Gross profit</b>		<b>13,232</b>	<b>11,612</b>
Other administrative expenses		(3,974)	(2,450)
<b>Operating profit</b>		<b>9,258</b>	<b>9,162</b>
Interest receivable	6	14	19
Other finance income	7	734	-
Interest payable and similar charges	8	(649)	(524)
<b>Profit on ordinary activities before taxation</b>	<b>3-5</b>	<b>9,357</b>	<b>8,657</b>
Tax on profit on ordinary activities	9	(1,906)	(2,216)
<b>Profit for the financial year</b>	<b>18</b>	<b>7,451</b>	<b>6,441</b>

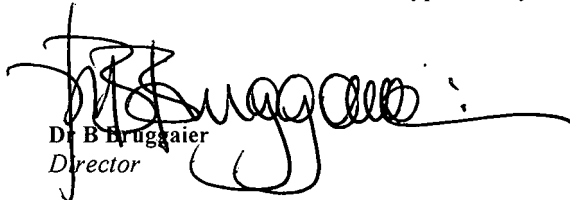
There were no recognised gains or losses other than those reported above.

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

**Balance sheet**  
*at 31 December 2014*

	<i>Note</i>	2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	11	17,962	18,572
Investments	12	206	206
		<u>18,168</u>	<u>18,778</u>
<b>Current assets</b>			
Stock	13	130	92
Debtors	14	5,324	7,753
Cash at bank and in hand		6,332	29
		<u>11,786</u>	<u>7,874</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(12,164)</u>	<u>(16,519)</u>
<b>Net current liabilities</b>		<u>(378)</u>	<u>(8,645)</u>
<b>Total assets less current liabilities</b>		<u>17,790</u>	<u>10,133</u>
<b>Provisions for liabilities: deferred taxation</b>	16	<u>(1,132)</u>	<u>(926)</u>
<b>Net assets</b>		<u>16,658</u>	<u>9,207</u>
<b>Capital and reserves</b>			
Called up share capital	17	152	152
Share premium account	18	3	3
Capital redemption reserve	18	210	210
Profit and loss account	18	16,293	8,842
<b>Shareholders' funds</b>	19	<u>16,658</u>	<u>9,207</u>

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

  
Dr B Bruggaier  
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 in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

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 wholly owned subsidiaries 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 23.

#### ***Going concern***

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £378,000, which the director believes to be appropriate for the following reasons. The company is dependent for its working capital on funds guaranteed by other group companies. The company's parent, Acteon Group Limited, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds and guarantees as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the director believes that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### ***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:

Plant and machinery	-	3-15 years straight line
Motor vehicles	-	4 years straight line

#### ***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.

#### ***Leases***

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company. The pension charge to the profit and loss account represents the contributions payable by the company to the fund in respect of the year.

#### *Stocks and work in progress*

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

#### *Taxation*

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Dividends on shares presented within shareholders' funds*

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet this criteria are disclosed in the notes to the 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.

### 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 directors are of the opinion that disclosure of such information would be seriously prejudicial to the interests of the company.

## Notes (continued)

### 3 Notes to the profit and loss account

<i>Profit on ordinary activities before taxation is stated after charging (crediting)</i>	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
Depreciation written off tangible fixed assets		
Owned	<b>1,624</b>	<b>1,213</b>
Hire of plant and machinery – rentals payable under operating leases	<b>53</b>	<b>51</b>
Hire of other assets – operating leases	<b>113</b>	<b>123</b>
Bad debt provision	<b>509</b>	<b>-</b>
	<hr/>	<hr/>
<i>Auditor's remuneration</i>		
Audit of these financial statements	<b>15</b>	<b>15</b>
	<hr/>	<hr/>

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.

### 4 Remuneration of directors

No emoluments were paid to the directors who served during the year. 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 Staff numbers and costs

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

	<b>Number of employees</b>	
	<b>2014</b>	<b>2013</b>
Directors	<b>1</b>	<b>1</b>
Technical and administration	<b>134</b>	<b>125</b>
	<hr/>	<hr/>
	<b>135</b>	<b>126</b>
	<hr/>	<hr/>
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	<b>8,654</b>	<b>7,164</b>
Social security costs	<b>1,055</b>	<b>850</b>
Other pension costs (see note 22)	<b>342</b>	<b>197</b>
	<hr/>	<hr/>
	<b>10,051</b>	<b>8,211</b>
	<hr/>	<hr/>

### 6 Interest receivable and similar income

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Bank interest receivable	<b>11</b>	<b>-</b>
Exchange gains	<b>-</b>	<b>17</b>
Other	<b>3</b>	<b>2</b>
	<hr/>	<hr/>
	<b>14</b>	<b>19</b>
	<hr/>	<hr/>

## Notes (continued)

### 7 Other finance income

	2014 £000	2013 £000
Dividend income from subsidiary undertaking	734	-

### 8 Interest payable and similar charges

	2014 £000	2013 £000
Bank interest payable	36	272
Net exchange losses	38	-
Interest payable to group companies	575	252
	<u>649</u>	<u>524</u>

### 9 Taxation

#### Analysis of charge in year

	2014 £000	2013 £000
<i>UK corporation tax/ Group relief</i>		
Charge for the current year	1,637	434
Adjustments in respect of prior years	(796)	(640)
Group relief payable	-	1,163
	<u>841</u>	<u>957</u>
Double taxation relief	(1)	(276)
<i>Foreign tax</i>		
(Credit)/charge for current year	(92)	504
Adjustments in respect of prior years	952	755
	<u>860</u>	<u>1,259</u>
Total current tax	<u>1,700</u>	<u>1,940</u>
<i>Deferred tax (see note 16)</i>		
Origination and reversal of timing differences	206	361
Effect of change in rate of tax	-	(85)
Total deferred tax	<u>206</u>	<u>276</u>
Tax on profit on ordinary activities	<u>1,906</u>	<u>2,216</u>

## Notes (continued)

### 9 Taxation (continued)

#### *Factors affecting the tax charge for the current 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 lower (2013: lower) than the standard rate of corporation tax in the UK 21.50% (2013: 23.25%). The differences are explained below:

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	9,357	8,657
	<hr/>	<hr/>
Current tax at 21.50% (2013: 23.25%)	2,012	2,012
<i>Effects of:</i>		
Income not deductible for tax purposes	(158)	-
Expenses not deductible for tax purposes	2	4
Differences between depreciation and capital allowances for the year	(225)	(425)
Other Short Term Differences	4	7
Adjustments to tax charge in respect of prior years	156	115
Other permanent differences	2	-
Higher tax rates on overseas earnings	(93)	227
	<hr/>	<hr/>
Total current tax charge (see above)	1,700	1,940
	<hr/>	<hr/>

#### *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 liability at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

### 10 Dividends

The aggregate amount of dividends comprises:

	2014 £000	2013 £000
Dividends paid on ordinary shares	-	2,000
	<hr/>	<hr/>

## Notes (continued)

### 11 Tangible fixed assets

	Assets in course of construction £000	Plant, machinery and motor vehicles £000	Total £000
<b>Cost</b>			
At beginning of year	888	24,185	25,073
Additions	979	35	1,014
Transfer on completion	(1,801)	1,801	-
Disposals	-	(15)	(15)
	<hr/>	<hr/>	<hr/>
At end of year	66	26,006	26,072
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	-	6,501	6,501
Charge for year	-	1,624	1,624
Disposals	-	(15)	(15)
	<hr/>	<hr/>	<hr/>
At end of year	-	8,110	8,110
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2014	66	17,896	17,962
	<hr/>	<hr/>	<hr/>
At 31 December 2013	888	17,684	18,572
	<hr/>	<hr/>	<hr/>

### 12 Fixed asset investments

	Shares in subsidiary undertakings £000
<b>Cost and net book value</b>	
At beginning and end of year	206
	<hr/>

The company in which the company's interest at the year end is more than 20% is as follows:

Undertaking	Country of incorporation	Principal activity	Interest in ordinary shares at year end
Aquatic Asia Pacific Pte Ltd	Singapore	Supply and rental of equipment and services	100%

### 13 Stock

	2014 £000	2013 £000
Raw materials	130	92
	<hr/>	<hr/>



**Notes** *(continued)*

**14 Debtors**

	2014 £000	2013 £000
Trade debtors	2,672	3,516
Amounts owed by group undertakings	1,972	1,734
Prepayments and accrued income	596	1,145
Other debtors	84	1,358
	<u>5,324</u>	<u>7,753</u>

**15 Creditors: amounts falling due within one year**

	2014 £000	2013 £000
Bank overdraft	-	580
Trade creditors	529	348
Amounts owed to group undertakings	8,428	13,970
Taxation and social security (includes corporation tax)	2,205	769
Other creditors	1,002	852
	<u>12,164</u>	<u>16,519</u>

The bank overdraft is secured by way of a cross corporate guarantee over the assets of the group.

**16 Provisions for liabilities: deferred taxation**

	2014 £000
At 1 January 2014	926
Charge for the year	206
	<u>1,132</u>
At 31 December 2014	

The provision for deferred taxation is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	1,139	930
Other timing differences	(7)	(4)
	<u>1,132</u>	<u>926</u>

## Notes (continued)

### 17 Called up share capital

	2014 £000	2013 £000
<i>Authorised</i>		
106,500 Ordinary shares of £1 each	107	107
45,000 "A" ordinary shares of £1 each	45	45
255,000 cumulative redeemable preference shares of £1 each	255	255
	<hr/>	<hr/>
	407	407
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
106,500 Ordinary shares of £1 each	107	107
45,000 "A" ordinary shares of £1 each	45	45
	<hr/>	<hr/>
	152	152
	<hr/>	<hr/>

The specific rights attaching to the 'A' ordinary shares are as follows:

The 'A' ordinary shares are entitled to a participating dividend based on adjusted profit on ordinary activities before taxation and amounts payable to ordinary shareholders.

The 'A' ordinary shares may be converted to a like number of ordinary shares at any time.

The holders of these shares are entitled to attend and vote at general meetings and are entitled to the same voting rights as the ordinary shareholders.

The 'A' ordinary shareholders would rank before the ordinary shareholders on a winding up of the company. In such circumstances they are entitled to the subscription price paid for the shares plus all dividend arrears. Any capital surplus remaining after distribution to ordinary shareholders is payable to both 'A' ordinary and ordinary classes of shares as if all shares were of the same class.

### 18 Reserves

	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000
At 1 January 2014	3	210	8,842
Profit for the year	-	-	7,451
	<hr/>	<hr/>	<hr/>
At 31 December 2014	3	210	16,293
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 19 Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
<b>Profit for the financial year</b>	<b>7,451</b>	<b>6,441</b>
Dividends on shares classified in shareholders' funds	-	(2,000)
Net increase in shareholders' funds	<b>7,451</b>	<b>4,441</b>
<b>Opening shareholders' funds</b>	<b>9,207</b>	<b>4,766</b>
<b>Closing shareholders' funds</b>	<b>16,658</b>	<b>9,207</b>

### 20 Contingent liabilities

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

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

### 21 Other commitments

Annual commitments under non-cancellable operating leases are as follows:

	2014		2013	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	29	-	28	5
Between one and five years	-	32	-	32
After more than five years	84	-	84	-
	<b>113</b>	<b>32</b>	<b>112</b>	<b>37</b>

### 22 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.

Contributions made by the company to the scheme during the year amounted to £342,000 (2013: £197,000). Contributions outstanding at the year end were £51,000 (2013: £31,000).

**Notes** *(continued)*

**23 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.