



Company Registration No. SC158472

Keltec Petroleum Services Limited

Annual report and financial statements

For the year ended 31 July 2016



Keltec Petroleum Services Limited

Annual report and financial statements for the year ended 31 July 2016

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Keltec Petroleum Services Limited

Annual report and financial statements for the year ended 31 July 2016

Officers and professional advisers

Directors

K H Brookes
K M A Murray

Secretary

K M A Murray

Registered Office

Johnstone House
52-54 Rose Street
Aberdeen
United Kingdom
AB10 1HA

Bankers

Bank of Scotland
54 John Street
Aberdeen
AB25 1LL

Solicitors

Ledingham Chalmers LLP
52-54 Rose Street
Aberdeen
AB10 1HA

Independent Auditor

Deloitte LLP
Aberdeen
United Kingdom

Keltec Petroleum Services Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

The company's principal activity is the provision of consultancy engineering services to the oil and gas industry. There has not been any significant change in the company's principal activity in the year under review. As at the date of approval of these financial statements the directors are considering the future prospects of the business. No formal decision has been made and therefore the accounts are presented on a going concern basis.

Business review

As shown in the profit and loss account on page 8, turnover has decreased 42% from the prior year, and gross profit percentage is consistent with the prior year (2016: 6%; 2015: 6%).

During the year, the economic conditions have decreased as there was a general downturn in the oil industry. The UK revenue stream has decreased over the year.

There is a link in our business between demand for our services and levels of economic activity in the oil and gas industry, so the principal risk and uncertainty is that demand for our services falls as a result of economic downturn in the oil and gas industry.

The directors expect to see a drop in the level of activity in the short to medium term of the group due to the weakening of the oil price.

The company's financial position as at 31 July 2016 is set out on page 9.

Principal risks and uncertainties

Business Risk

Current economic conditions create uncertainty over the level of demand for the company's services as major oil operators and contractors continue to reduce operating expenditure.

To minimise the risk to sustainable profits arising from dynamic market conditions, the directors have retained profits over a number of years to accumulate sufficient reserves to eliminate borrowings. Continual focus is placed on client relationships to protect the company's strategic position.

Financial risk management objectives and policies

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

Currency risk

The company earns income and incurs expenses in British pounds, Euros and US dollars. The company is exposed to foreign exchange fluctuations as a result. The directors do not consider it necessary to hedge against these movements.

Credit risk

The principal financial assets are bank balances and trade debtors. The credit risk on liquid funds is limited as the counter-parties are banks with assigned credit ratings from international agencies. The group's credit risk is primarily attributable to its trade debtors. The group monitors payment profiles on an ongoing basis.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group has an overdraft facility in place.

The company does not have any interest bearing liabilities. It therefore has no interest rate exposure.

Keltec Petroleum Services Limited

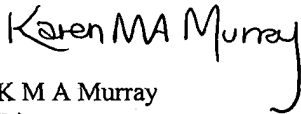
Strategic report (continued)

Going concern

The company is financed through a combination of cash reserves and cash generated from trading activity.

After making enquiries, including analysis of available future funding to finance future trading within the company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Approved by the Board and signed on its behalf by:



K M A Murray
Director

27 April 2017

Keltec Petroleum Services Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2016.

Directors of the company

The directors of the company are detailed on page 1, both of whom served throughout the year and to the date of this report.

Corporate governance

The company strives to maintain the highest standards in corporate governance and bases its actions on the principles of transparency, integrity and accountability.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the strategic report on page 2 and form part of this report by cross-reference.

Results and dividends

The profit for the financial year was £244,942 (2015: £589,412). The directors did not recommend a payment of a dividend (2015: £nil) during the year and propose that the profit for the financial year be transferred to reserves.

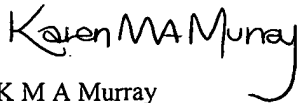
Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



K M A Murray
Director

27 April 2017

Keltec Petroleum Services Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Keltec Petroleum Services Limited

We have audited the financial statements of Keltec Petroleum Services Limited for the year ended 31 July 2016 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 July 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Keltec Petroleum Services Limited (continued)

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.

L Cowie

Lyn Cowie CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom
27 April 2017

Keltec Petroleum Services Limited

Profit and loss account Year ended 31 July 2016

	Notes	2016 £	2015 £
Turnover	3	22,509,268	38,807,351
Cost of sales		(21,255,091)	(36,473,461)
Gross profit		1,254,177	2,333,890
Administrative expenses		(931,660)	(1,570,134)
Operating profit	5	322,517	763,756
Interest receivable and similar income	6	10,315	750
Profit on ordinary activities before taxation		332,832	764,506
Tax on profit on ordinary activities	7	(87,890)	(175,094)
Profit for the financial year		244,942	589,412

There are no recognised gains and losses in the current and preceding financial year other than as stated in the profit and loss account above. Accordingly, no separate statement of total recognised gains and losses has been presented.

All operations were continuing in the current and prior year.

Keltec Petroleum Services Limited

Balance sheet As at 31 July 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	8	17,986	25,959
		<u>17,986</u>	<u>25,959</u>
Current assets			
Debtors due within one year	9	6,019,185	7,644,727
Cash at bank and in hand		3,080,437	2,927,487
		<u>9,099,622</u>	<u>10,572,214</u>
Creditors: amounts falling due within one year	10	<u>(2,033,177)</u>	<u>(3,795,815)</u>
Net current assets		<u>7,066,445</u>	<u>6,776,399</u>
Net assets less net current liabilities		<u>7,084,431</u>	<u>6,802,358</u>
Provision for liabilities	11	(37,617)	(486)
Net assets		<u><u>7,046,814</u></u>	<u><u>6,801,872</u></u>
Called-up share capital and reserves			
Called-up share capital	14	700	700
Capital redemption reserve	14	300	300
Profit and loss account	14	7,045,814	6,800,872
Total shareholders' funds		<u><u>7,046,814</u></u>	<u><u>6,801,872</u></u>

The financial statements of Keltec Petroleum Services Limited, registered number SC158472 were approved by the Board of Directors and authorised for issue on 27 April 2017.

They were signed on its behalf by:

Karen M A Murray

K M A Murray
Director

Keltec Petroleum Services Limited

Statement of changes in equity As at 31 July 2016

	Called-up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 August 2014	700	300	6,211,460	6,212,460
Total comprehensive income	-	-	589,412	589,412
At 31 July 2015	700	300	6,800,872	6,801,872
Total comprehensive income	-	-	244,942	244,942
At 31 July 2016	700	300	7,045,814	7,046,814

Keltec Petroleum Services Limited

Notes to the financial statements

As at 31 July 2016

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

This is the first year in which financial statements have been prepared under FRS 102. The prior year financial statements were restated on adoption of FRS 102 in the current year. For more information on transition see note 19.

The functional currency of Keltec Petroleum Services Limited is considered to be pounds sterling being the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

Under FRS 102 the Company is exempt from the requirements to:

- Prepare a statement of cash flows
- Disclose remuneration of key management personnel
- Disclose details about financial instruments required by sections 11 and 12 of FRS 102

on the grounds that the parent undertaking includes the company in its own published consolidated financial statements which are publically available and therefore the Company is a qualifying entity.

Going concern

The company is financed through a combination of cash reserves and cash generated from trading activity.

After making enquiries, including analysis of available future funding to finance future trading within the company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover is stated net of VAT. Turnover from the supply of services represents the value of services provided, and is recognised when the service is provided to the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Office equipment	20% per annum
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Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Keltec Petroleum Services Limited

Notes to the financial statements (continued)

As at 31 July 2016

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are taken to the profit and loss account.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The company contributes to money purchase personal pension schemes on behalf of certain employees and directors. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. The assets of these pension schemes are held separately from those of the company.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Keltec Petroleum Services Limited

Notes to the financial statements (continued)

As at 31 July 2016

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Dilapidation provision

The Company's provision is based on the best information available to management at the balance sheet date. However, the future costs assumed are inevitably only estimated, which may differ from those ultimately incurred.

Revenue recognition

Revenue is recognised based on the time contractors are out on hire, with an estimate made about the outturn margin and any claims on the contractor time made by the customer.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income and corporate taxes

The company is subject to income taxes in numerous jurisdictions. Judgement is required in assessing the tax consequences of transaction and estimating the provision for income and corporate taxes. Where the final outcome is different from the amounts initially recorded, such differences will impact the current and deferred taxes assets and liabilities in the year in which such determination is made.

Recoverability of 3rd party debtors and related party balances

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors with third parties, management consider factors including the current credit rating of the debtor, the aging profile of debtors and historical collection experience.

3. Turnover

Turnover represents the value of services provided within the company's ordinary activity after deduction of trade discounts and value added tax. The turnover and pre-tax profit is attributable to the provision of consultancy engineering services to the oil and gas industry.

	2016	2015
	£	£
<i>Geographical analysis of turnover by destination:</i>		
United Kingdom	14,129,310	23,576,025
Europe	590,274	2,519,283
Other	7,789,684	12,712,043
	<u>22,509,268</u>	<u>38,807,351</u>

Keltec Petroleum Services Limited

Notes to the financial statements (continued)

As at 31 July 2016

4. Information regarding directors and employees

	2016 £	2015 £
Directors' remuneration		
Emoluments	264,600	428,278
	2016 £	2015 £
Remuneration of the highest paid director:		
Aggregate of emoluments (excluding pension contributions)	132,300	214,139
	2016 No.	2015 No.
Average number of persons employed (including directors)	6	7
Operations	6	6
Administration	12	13
	2016 £	2015 £
Staff costs during the year (including directors)		
Wages and salaries	562,260	896,891
Social security costs	69,501	114,117
Pension costs (note 15)	16,288	19,142
	648,049	1,030,150

Keltec Petroleum Services Limited

Notes to the financial statements (continued) As at 31 July 2016

5. Operating profit

	2016 £	2015 £
Operating profit is after charging:		
Depreciation		
Owned assets	9,562	13,233
Rentals under operating leases		
Other	40,224	68,163
(Gain)/Loss on exchange	(91,600)	(16,050)
Fees payable to the company's auditor in respect of:		
Audit of the annual financial statements	14,000	15,250
Tax services	8,000	6,000

6. Interest receivable and similar income

	2016 £	2015 £
Bank interest	10,315	750

7. Tax on profit on ordinary activities

	2016 £	2015 £
Current taxation		
United Kingdom corporation tax	71,660	175,426
Adjustment in respect of prior periods	2,609	999
Foreign tax relief/other relief	(6,788)	-
	67,481	176,425
Foreign tax suffered	17,278	-
Total current tax	84,759	176,425
Deferred tax		
Origination and reversal of timing differences	14,471	(1,375)
Adjustment in respect of previous periods	(10,938)	-
Effect of changes in tax rates	(402)	44
Total deferred tax	3,131	(1,331)
Tax on profit on ordinary activities	87,890	175,094

Keltec Petroleum Services Limited

Notes to the financial statements (continued)

As at 31 July 2016

7. Tax on profit on ordinary activities (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax for the period to the profit before tax are as follows.

	2016 £	2015 £
Profit on ordinary activities before taxation	332,832	764,506
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.00% (2015: 20.67%)	66,566	157,991
<i>Effects of:</i>		
Expenses not deductible for tax purposes	7,869	16,060
Capital allowances in excess of depreciation	-	1,375
Deferred tax not provided	11,815	
Adjustment in respect of prior periods	(8,329)	999
Effects of overseas tax rates	10,490	-
Effects of tax rate changes	(521)	-
Current tax charge for period	87,890	176,425

8. Tangible fixed assets

	Office equipment £
Cost	
At 1 August 2015	126,757
Additions	1,590
At 31 July 2016	128,346
Depreciation	
At 1 August 2015	(100,798)
Charge for the year	(9,562)
At 31 July 2016	(110,360)
Net book value	
At 31 July 2016	17,986
At 31 July 2015	25,959

Keltec Petroleum Services Limited

Notes to the financial statements (continued)

As at 31 July 2016

9. Debtors: amounts falling due within one year

	2016 £	2015 £
Trade debtors	2,684,779	4,463,522
Other debtors	556,773	384,162
Prepayments and accrued income	50,283	69,693
Amounts owed by group undertakings	2,727,350	2,727,350
	<u>6,019,185</u>	<u>7,644,727</u>

At 31 July 2016 Other debtors included £473,013 (2015: £335,039) due by the directors. These amounts are unsecured and interest free. Amounts owed by group undertakings bears no interest and is repayable on demand.

Amounts owed to group undertakings represent a loan which bears no interest and is repayable on demand.

10. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,893,726	3,395,800
Corporation tax	64,851	181,152
Accruals and deferred income	74,600	218,863
	<u>2,033,177</u>	<u>3,795,815</u>

11. Provision for liabilities

	2016 £	2015 £
Deferred tax liability (note 12)	3,617	486
Dilapidation provision (note 13)	34,000	-
	<u>37,617</u>	<u>486</u>

12. Deferred tax liability

	Deferred tax £
At 1 August 2015	486
Charged to the profit and loss account	3,131
At 31 July 2016	<u>3,617</u>

Keltec Petroleum Services Limited

Notes to the financial statements (continued)

As at 31 July 2016

12. Deferred tax liability (continued)

	2016 £	2015 £
Deferred tax is recognised as follows:		
Accelerated capital allowances	2,289	3,906
Adjustment in respect short term timing differences	1,328	(3,420)
	<u>3,617</u>	<u>486</u>

13. Dilapidation provision

	Dilapidation provision £
At 1 August 2015	-
Charged to the profit and loss account	34,000
At 31 July 2016	<u>34,000</u>

The provision relates to the company's obligation to restore leasehold property to its original condition. This expenditure will be incurred when the lease expires in 2017.

14. Called-up share capital and reserves

	2016 £	2015 £
Called-up, allotted and fully paid		
700 Ordinary shares of £1 each	700	700
	<u>700</u>	<u>700</u>

The company has one class of ordinary share capital which does not carry right to fixed income.

The capital redemption reserve represents share capital redeemed on 6 March 1998.

The profit and loss reserve represents cumulative profits or losses net of dividends paid.

15. Pension schemes

The company contributes to money purchase personal pension schemes on behalf of certain employees and directors. Contributions amounting to £16,288 (2015: £19,142) were charged to the profit and loss account during the year. There were no outstanding contributions at the year end.

16. Related party transaction

At 31 July 2016 loans due from K M A Murray and K H Brookes amounted to £473,013 (2015: £335,039) (note 9). During the year an amount of £2,604 (2015: £17,507) was paid for services to Silver Darling Limited, a company in which K M A Murray and K H Brookes are directors.

Keltec Petroleum Services Limited

Notes to the financial statements (continued) As at 31 July 2016

17. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2016	2015	2016	2015
	£	£	£	£
Within one year	31,500	31,500	4,284	4,284
Between two and five years	-	31,500	4,440	8,724
	<u>31,500</u>	<u>63,000</u>	<u>8,724</u>	<u>13,008</u>

18. Ultimate parent company

The company's ultimate parent company is Keltec People Limited, which is incorporated in the UK, and is the largest and smallest entity consolidating the results of this company. Copies of the consolidated financial statements of the ultimate parent company may be requested from the Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF.

K H Brookes and K M A Murray, directors of the company, control the company as a result of controlling 100 per cent of the issued ordinary share capital of Keltec People Limited.

19. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 30 June 2015 and the date of transition to FRS 102 was therefore 1 August 2014. As a consequence of adopting FRS 102, there have been no significant changes in accounting policies and no accounting adjustments required to the comparative balances.