

Registered number: SC231439

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## SENERGY WELLS LIMITED

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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COMPANIES HOUSE



COMPANY INFORMATION

Directors	J G McCallum (resigned 1 July 2016) N M Campbell (resigned 30 September 2015) D J Mitchell A I Buchanan (appointed 1 July 2016) A M Pearce (appointed 1 July 2016, resigned 1 July 2016) S Gilbert (appointed 1 July 2016)
Company secretary	G Megginson
Registered number	SC231439
Registered office	7 Bon Accord Square Aberdeen AB11 6DJ
Independent auditors	Anderson Anderson & Brown LLP Kingshill View Prime Four Business Park Kingswells Aberdeen AB15 8PU



CONTENTS

	Page
Strategic report	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 23

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**Principal Activity**

The principal activity of the company is the provision of wells project management and wells engineering services to the global oil and gas industry.

**Business review**

The company has had a challenging trading year in all its activities with volume and pricing being driven by customers reduced spending due to the uncertainty associated with a sustained period of low oil prices.

The directors are confident that the future prospects of the company are good. There are signs that the market conditions are starting to improve due to an increase in the price of oil which has stabilised at a level which should allow an increase in investment in the oil and gas industry, and therefore the directors expect the performance of the business to improve.

**Principal risks and uncertainties**

The business faces risk due to the uncertainty associated with a sustained period of low oil prices. This risk is successfully managed through systematic and thorough analysis of market and opportunities, tracking of pipeline and business development activity, and active management of cost base.

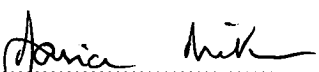
**Financial key performance indicators**

The directors consider the key financial indicators to be turnover, gross profit and profit after tax whilst it also monitors the utilisation of its personnel.

For the period ended 30 June 2016, the company generated £496,234 (2015 - £2,840,998) in gross profit on £17,025,646 (2015 - £13,995,170) in turnover.

Loss on ordinary activities before taxation was £1,567,796 (2015 - £60,370) or -9% (2015 - -0.05%) of turnover in the period ended 30 June 2016.

This report was approved by the board and signed on its behalf.

  
.....  
**D J Mitchell**  
Director

Date: 9<sup>th</sup> February 2017

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

The directors present their report and the financial statements for the year ended 30 June 2016.

**Results and dividends**

The loss for the year, after taxation, amounted to £1,586,443 (2015 - loss £122,137).

During the year no dividends were paid in the year (2015 - £2,977,840).

**Directors**

The directors who served during the year were:

J G McCallum (resigned 1 July 2016)  
N M Campbell (resigned 30 September 2015)  
D J Mitchell

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

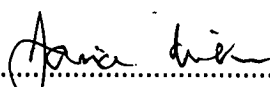
**Post balance sheet events**

There have been no significant events affecting the company since the year end.

**Auditors**

The auditors, Anderson Anderson & Brown LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

  
.....  
**D J Mitchell**  
Director

Date: 9<sup>th</sup> February 2017

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the company financial statements and then apply them consistently;
- make judgements 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF SENERGY WELLS LIMITED

We have audited the financial statements of Senergy Wells Limited for the year ended 30 June 2016, set out on pages 6 to 23. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Auditors' 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 Auditors

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 Financial Reporting Council'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 Strategic report and the Directors' 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 30 June 2016 and of its loss 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 matter 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 and the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
SENERGY WELLS LIMITED

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.

Anderson Anderson & Brown LLP

Derek Mair (Senior statutory auditor)

for and on behalf of  
Anderson Anderson & Brown LLP

Statutory Auditor

Kingshill View  
Prime Four Business Park  
Kingswells  
Aberdeen  
AB15 8PU

Date: 9 February 2017



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2016**

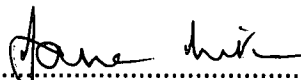
	Note	2016 £	2015 £
Turnover		17,025,649	13,995,170
Cost of sales		(16,529,415)	(11,154,172)
<b>Gross profit</b>		<u>496,234</u>	<u>2,840,998</u>
Administrative expenses		(2,059,906)	(2,869,446)
Other exceptional expenses		-	(31,898)
<b>Operating loss</b>	4	<u>(1,563,672)</u>	<u>(60,346)</u>
Interest receivable and similar income	8	120	-
Interest payable and expenses	9	(4,244)	(24)
<b>Loss before tax</b>		<u>(1,567,796)</u>	<u>(60,370)</u>
Tax on loss	10	(18,647)	(61,767)
<b>Loss for the year</b>		<u><u>(1,586,443)</u></u>	<u><u>(122,137)</u></u>

There was no other comprehensive income for 2016 (2015:£NIL).

**BALANCE SHEET  
AS AT 30 JUNE 2016**

	Note	2016 £	2015 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	16,150,099	35,270,384
Cash at bank and in hand	15	681,566	621,758
		<u>16,831,665</u>	<u>35,892,142</u>
Creditors: amounts falling due within one year	16	(8,909,642)	(26,383,676)
<b>Net current assets</b>		<u>7,922,023</u>	<u>9,508,466</u>
<b>Total assets less current liabilities</b>		<u>7,922,023</u>	<u>9,508,466</u>
<b>Net assets</b>		<u><u>7,922,023</u></u>	<u><u>9,508,466</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	3	3
Profit and loss account		<u>7,922,020</u>	<u>9,508,463</u>
		<u><u>7,922,023</u></u>	<u><u>9,508,466</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
.....  
**D J Mitchell**  
Director

Date: 9<sup>th</sup> February 2017

The notes on pages 9 to 23 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 July 2015	3	9,508,463	9,508,466
<b>Comprehensive income for the year</b>			
Loss for the year	-	(1,586,443)	(1,586,443)
<b>At 30 June 2016</b>	<b>3</b>	<b>7,922,020</b>	<b>7,922,023</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 July 2014	3	12,608,440	12,608,443
<b>Comprehensive income for the year</b>			
Loss for the year	-	(122,137)	(122,137)
<b>Total comprehensive income for the year</b>	-	(122,137)	(122,137)
Dividends: Equity capital	-	(2,977,840)	(2,977,840)
<b>At 30 June 2015</b>	<b>3</b>	<b>9,508,463</b>	<b>9,508,466</b>

The notes on pages 9 to 23 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**1. General information**

Senergy Wells Limited is a limited liability company incorporated in Scotland. The registered office is 7 Bon Accord Square, Aberdeen, AB11 6DJ.

The principal activity of the company is the provision of wells project management and wells engineering services to the global oil and gas industry.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 21.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 FRS 102 exemptions**

The company satisfies the criteria of being a qualifying company as defined in FRS 102 section 1.12. Its financial statements are consolidated into the financial statements of LR Senergy Limited, which can be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- a) No cash flow statement has been presented for the company.
- b) Disclosures in respect of financial instruments have not been presented.
- c) Disclosures in respect of related party transactions with fellow group companies have not been presented.

**2.3 Going concern**

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**2. Accounting policies (continued)**

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.5 Well operations**

The company acts as an intermediary company and meets the criteria to disclose the flow through of gross sales and associated costs similar to an agency basis. This results in gross sales and costs being offset within the profit and loss account with only the management fee earned by the company being recognised. Included within other debtors, cash at bank and in hand and other creditors the company has identified the gross values attributed to well operations.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 2. Accounting policies (continued)

#### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures & fittings	- 4 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

#### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016****2. Accounting policies (continued)****2.9 Financial instruments (continued)**

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**2. Accounting policies (continued)**

**2.11 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'administrative expenses'. All other foreign exchange gains and losses are presented in the Profit and loss account.

**2.12 Finance costs**

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.14 Pensions**

**Defined contribution pension plan**

The company contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**2. Accounting policies (continued)**

**2.15 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

**2.16 Interest income**

Interest income is recognised in the Profit and loss account using the effective interest method.

**2.17 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.18 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

**2.19 Research and development**

Research and development expenditure is written off in the year in which it is incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance sheet date and the amounts reported during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant impact on amounts recognised in the financial statements.

**Taxation**

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

**Revenue recognition on contracts**

In assessing profit on contracts that span a period end, an estimate is required for the stage of completion on individual contracts (where the outcome can be assessed with reasonable certainty). The estimate is determined by management making use of all information available at the time, in order to make a reasonable judgement on the stage of completion and the forecast profitability of the overall contract.

**4. Operating loss**

The operating loss is stated after charging:

	2016 £	2015 £
Exchange differences	(224,120)	165,484
Defined contribution pension cost	501,973	320,661
	<u>          </u>	<u>          </u>

No geographical breakdown of sales has been provided as the directors believe doing so would be prejudicial to the interests of the company.

**5. Auditors' remuneration**

Auditors remuneration of £17,000 (2015 - £18,000) was borne by another group company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**6. Employees**

All UK employees are employed by Senergy Resources Limited, a fellow subsidiary of Senergy Group Limited. The staff numbers, staff costs and directors' remuneration disclosed relates to recharges from Senergy Resources Limited. Additionally, also included within wages and salaries are further recharges of staff costs, where the company has utilised staff from other fellow subsidiaries of Senergy Group Limited. Where the company has utilised staff from overseas companies within the Senergy group, such costs are also included within wages and salaries.

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	5,297,319	3,319,745
Social security costs	615,867	408,430
Cost of defined contribution scheme	501,973	320,661
	<u>6,415,159</u>	<u>4,048,836</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Technical	51	28
Directors	2	3
Admin/ Management	19	9
	<u>72</u>	<u>40</u>

**7. Directors' remuneration**

The directors of this company were paid by other group companies during the year. The directors do not believe it is practical to apportion these amounts between their services as directors of this company and their services as directors of other group companies. The directors' remuneration paid by other group companies to the directors of this company totals £883,333 (2015 - £866,533). The value of the group's contributions paid to defined contribution pension schemes in respect of these directors amounted to £26,452 (2015 - £40,426).

**8. Interest receivable**

	2016 £	2015 £
Other interest receivable	<u>120</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**9. Interest payable and similar charges**

	2016 £	2015 £
Bank interest payable	4,244	24

**10. Taxation**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	73,110	-
Adjustments in respect of previous periods	120,891	13,184
Other	19,965	-
	<u>213,966</u>	<u>13,184</u>
Double taxation relief	(73,110)	-
Group taxation relief	(375,057)	(206,547)
	<u>(234,201)</u>	<u>(193,363)</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	253,055	248,944
RDEC not recoverable	-	7,348
	<u>253,055</u>	<u>256,292</u>
<b>Total current tax</b>	<u>18,854</u>	<u>62,929</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(739)	6,186
RDEC not recoverable	-	(7,348)
Effect of tax rate change on opening balance	532	-
<b>Total deferred tax</b>	<u>(207)</u>	<u>(1,162)</u>
<b>Taxation on profit on ordinary activities</b>	<u>18,647</u>	<u>61,767</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.75%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	(1,567,798)	(60,370)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.75%)	(313,560)	(12,527)
<b>Effects of:</b>		
Group relief surrendered before payment	375,057	206,547
Receipt for group relief	(375,057)	(206,547)
Expenses not deductible for tax purposes	9,215	8,156
Adjustments to tax charge in respect of prior periods	120,891	13,184
Short term timing differences	-	(19,238)
Non-taxable income	(18,921)	-
RDEC not recoverable	19,965	-
Research and development credits including additional allowances	(18,853)	(16,564)
Foreign tax credits	179,945	88,756
Other permanent differences	(1,690)	-
Other tax charge (relief) on exceptional items	(7,491)	-
Change in tax rates	614	-
Transfer pricing adjustments	48,532	-
<b>Total tax charge for the year</b>	<b>18,647</b>	<b>61,767</b>

**11. Dividends**

	2016 £	2015 £
Dividends paid on equity capital	-	2,977,840

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**12. Exceptional items**

	2016 £	2015 £
Write back of intercompany liabilities	-	31,898
	<u>-</u>	<u>31,898</u>

**13. Tangible fixed assets**

	Fixtures & fittings £	Other fixed assets £	Total £
<b>Cost or valuation</b>			
At 1 July 2015	24,946	75,049	99,995
At 30 June 2016	<u>24,946</u>	<u>75,049</u>	<u>99,995</u>
<b>Depreciation</b>			
At 1 July 2015	24,946	75,049	99,995
At 30 June 2016	<u>24,946</u>	<u>75,049</u>	<u>99,995</u>
At 30 June 2016	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2015	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**14. Debtors**

	2016 £	2015 £
Trade debtors	602,444	991,648
Amounts owed by group undertakings	8,270,354	32,727,815
Other debtors	6,559,056	695,926
Prepayments and accrued income	712,717	718,436
VAT	-	131,238
Deferred tax asset	5,528	5,321
	<u>16,150,099</u>	<u>35,270,384</u>

Included within other debtors is an amount of £5,029,600 (2015 - £1,942) in relation to well operations.

**15. Cash and cash equivalents**

	2016 £	2015 £
Cash at bank and in hand	681,566	621,758
	<u>681,566</u>	<u>621,758</u>

Included within cash at bank and in hand is £2,524 (2015 - £6,454) in relation to well operations.

**16. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	32,775	56,047
Amounts owed to group undertakings	1,760,433	25,679,545
Other creditors	6,304,618	32,146
Accruals and deferred income	811,816	615,938
	<u>8,909,642</u>	<u>26,383,676</u>

Included within other creditors is an amount of £5,029,546 (2015 - £1,642) in relation to well operations.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**17. Deferred taxation**

	2016 £
At beginning of year	5,321
Charged to the profit or loss	207
<b>At end of year</b>	<b>5,528</b>

The deferred tax asset is made up as follows:

	2016 £	2015 £
At beginning of year/period	5,321	4,159
Released during year/period	207	1,162
	<b>5,528</b>	<b>5,321</b>

**18. Share capital**

	2016 £	2015 £
<b>Allotted, called up and fully paid</b>		
300 Ordinary shares of £0.01 each	3	3



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**19. Related party transactions**

**Control**

During the year the company was controlled by the directors.

**Transactions**

As the company is a wholly owned subsidiary of Senergy Group Limited, it has taken advantage of the exemption within FRS 102, section 33 (Related Party Disclosure) which allows exemption from disclosure of related party transactions with other group companies.

<b>Related Party</b>	<b>Transaction</b>	<b>£</b>	<b>Balance at year end £</b>
Senergy International Sdn Bhd, a fellow subsidiary	Sales	34,487	(487,311)

**20. Controlling party**

The immediate parent company is Senergy Holdings Limited, a company registered in Scotland.

The ultimate parent company is Lloyd's Register Foundation, a company registered in England.

The largest group in which the results of the company are consolidated is that headed by Lloyd's Register Foundation. The smallest group in which the results of the company are consolidated is that headed by LR Senergy Limited. The financial statements of LR Senergy Limited are available from its registered office at 71 Fenchurch Street, London, EC3M 4ES.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**21. First time adoption of FRS 102**

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 July 2014. On transition to FRS 102 the company has adopted the accounting policy set out in note 2.15 regarding holiday pay accruals. The impact of this is set out as follows:

**Reconciliation of equity at 1 July 2014**

	£
Reserves as previously reported	12,776,794
Holiday pay accrual	(168,351)
<b>Equity shareholders funds at 1 July 2014 under FRS 102</b>	<b>12,608,443</b>

**Reconciliation of equity at 30 June 2015**

	£
Equity at 30 June 2015 under previous UK GAAP	9,603,069
Holiday pay accrual	(94,603)
<b>Equity shareholders funds at 30 June 2015 under FRS 102</b>	<b>9,508,466</b>

**Reconciliation of profit and loss account for the year ended 30 June 2015**

	£
Loss for the year under UK GAAP	(195,882)
Holiday pay movement	73,745
<b>Loss for the year ended 30 June 2015 under FRS 102</b>	<b>(122,137)</b>