

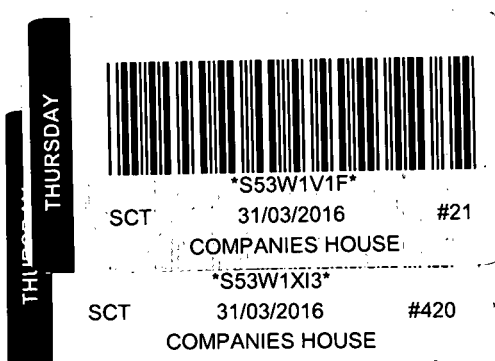
Registered number: SC273506

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## SENERGY LIMITED

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



**SENERGY LIMITED**



**COMPANY INFORMATION**

**DIRECTORS**

J G McCallum  
I B Williamson  
P A Pavy  
N M Campbell (resigned 30 September 2015)  
D J Mitchell (appointed 4 March 2016)

**COMPANY SECRETARY**

G Megginson

**REGISTERED NUMBER**

SC273506

**REGISTERED OFFICE**

7 Bon Accord Square  
Aberdeen  
AB11 6DJ

**INDEPENDENT AUDITORS**

Anderson Anderson & Brown LLP  
9 Queens Road  
Aberdeen  
AB15 4YL

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

The directors present their report and the financial statements for the year ended 30 June 2015.

**PRINCIPAL ACTIVITIES**

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

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £202,236 (2014 - loss £45,722).

During the year dividends of £414,194 (2014 - £nil) were paid to shareholders.

**DIRECTORS**

The directors who served during the year were:

J G McCallum  
I B Williamson  
P A Pavy  
N M Campbell (resigned 30 September 2015)

**BUSINESS REVIEW**

The directors believe that the company is now structured appropriately to address the market potential for the services it provides recognising the company's commitments.

**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 sales pipeline and business development activity and active management of cost base.

**PROVISION 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.

SENERGY LIMITED



**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

**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.

A handwritten signature in black ink, appearing to read 'D J Mitchell', is written over a horizontal dotted line.

D J Mitchell  
Director

Date: 23/3/16

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2015**

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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;
- 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 LIMITED**

We have audited the financial statements of Senergy Limited for the year ended 30 June 2015, set out on pages 6 to 15. 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).

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 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 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 2015 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
SENERGY LIMITED**

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' 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.

*Anderson Anderson & Brown LLP*

Derek Mair (Senior statutory auditor)

for and on behalf of

**Anderson Anderson & Brown LLP**

Statutory Auditor

9 Queens Road

Aberdeen

AB15 4YL

Date:

*23 March 2016*



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2015**

|  |     | 30 June<br>2015<br>£ | 13 months<br>ended<br>30 June<br>2014<br>£ |
|--|-----|----------------------|--|
| <b>TURNOVER</b>                                      | 1,2 | -                    | 2,043,757                                  |
| Cost of sales  |     | 390,453              | (1,907,969)                                |
|  |     | <u>390,453</u>       | <u>(1,907,969)</u>                         |
| <b>GROSS PROFIT</b>                                  |     | 390,453              | 135,788                                    |
| Administrative expenses                              |     | (9,649)              | (91,452)                                   |
|  |     | <u>(9,649)</u>       | <u>(91,452)</u>                            |
| <b>OPERATING PROFIT</b>                              | 3   | 380,804              | 44,336                                     |
| <b>EXCEPTIONAL ITEMS</b>                             |     |                      |  |
| Other exceptional items                              | 7   | (107,113)            | -  |
|  |     | <u>(107,113)</u>     | <u>-</u>                                   |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b> |     | 273,691              | 44,336                                     |
| Interest receivable and similar income               | 4   | 1,067                | 1,228                                      |
|  |     | <u>1,067</u>         | <u>1,228</u>                               |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |     | 274,758              | 45,564                                     |
| Tax on profit on ordinary activities                 | 8   | (72,522)             | (91,286)                                   |
|  |     | <u>(72,522)</u>      | <u>(91,286)</u>                            |
| <b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>          | 16  | <u>202,236</u>       | <u>(45,722)</u>                            |

All amounts relate to continuing operations.

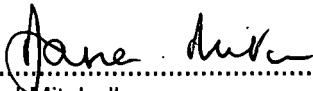
There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

**BALANCE SHEET  
AS AT 30 JUNE 2015**

|   | Note | £                   | 2015<br>£        | £                   | 2014<br>£        |
|---|------|---------------------|------------------|---------------------|------------------|
| <b>FIXED ASSETS</b>                                   |      |                     |                  |                     |                  |
| Tangible assets                                       | 10   |                     | 381,410          |                     | 410,488          |
| <b>CURRENT ASSETS</b>                                 |      |                     |                  |                     |                  |
| Debtors   | 11   | 42,777,513          |                  | 40,917,655          |                  |
| Cash at bank  |      | 1,288,711           |                  | 1,358,583           |                  |
|   |      | <u>44,066,224</u>   |                  | <u>42,276,238</u>   |                  |
| <b>CREDITORS: amounts falling due within one year</b> | 13   | <u>(41,268,186)</u> |                  | <u>(39,295,320)</u> |                  |
| <b>NET CURRENT ASSETS</b>                             |      |                     | 2,798,038        |                     | 2,980,918        |
| <b>NET ASSETS</b>                                     |      |                     | <u>3,179,448</u> |                     | <u>3,391,406</u> |
| <b>CAPITAL AND RESERVES</b>                           |      |                     |                  |                     |                  |
| Called up share capital                               | 15   |                     | 6                |                     | 6                |
| Profit and loss account                               | 16   |                     | 3,179,442        |                     | 3,391,400        |
| <b>SHAREHOLDERS' FUNDS</b>                            | 17   |                     | <u>3,179,448</u> |                     | <u>3,391,406</u> |

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

  
D J Mitchell  
Director 23/3/16

The notes on pages 8 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015****1. ACCOUNTING POLICIES****1.1 Basis of preparation of financial statements**

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

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

**1.2 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.

**1.3 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

**1.4 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:

|                    |   |                      |
|--------------------|---|----------------------|
| Land & buildings   | - | 2% straight line     |
| Other fixed assets | - | 10-50% straight line |

**1.5 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

**1.6 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 (Note 11), cash at bank and in hand (Note 12) and other creditors (Note 13) the company has identified the gross values attributed to well operations.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at 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 the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**1.8 Operating leases**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.9 Taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Deferred tax assets and liabilities are not discounted.

Current tax, including UK corporation tax and foreign 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.

**2. TURNOVER**

No analysis of turnover by geographic region is provided, as the directors believe such an analysis would be prejudicial to the company's best interests.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### 3. OPERATING PROFIT

The operating profit is stated after charging:

|  | 30 June<br>2015<br>£ | 13 months<br>ended<br>30 June<br>2014<br>£ |
|--|----------------------|--|
| Depreciation of tangible fixed assets: |                      |  |
| - owned by the company                 | 29,078               | 31,914                                     |
| Operating lease rentals:               |                      |  |
| - other operating leases               | -                    | 79,006                                     |
| Difference on foreign exchange         | (33,812)             | 17,740                                     |
|  | <u>          </u>    | <u>          </u>                          |

Auditors remuneration of £11,000 (2014 - £13,000) was borne by another group company.

### 4. INTEREST RECEIVABLE

|                           | 30 June<br>2015<br>£ | 13 months<br>ended<br>30 June<br>2014<br>£ |
|---------------------------|----------------------|--|
| Other interest receivable | 1,067                | 1,228                                      |
|                           | <u>          </u>    | <u>          </u>                          |

### 5. STAFF COSTS

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.

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

|           | 30 June<br>2015<br>No. | 13 months<br>ended<br>30 June<br>2014<br>No. |
|-----------|------------------------|--|
| Directors | 3                      | 4  |
|           | <u>          </u>      | <u>          </u>                            |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**6. 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 £805,183 (2014 - £953,086). The value of the group's contributions paid to defined contribution pension schemes in respect of these directors amounted to £13,650 (2014 - £48,930).

**7. EXCEPTIONAL ITEMS**

|                                   | 30 June<br>2015<br>£ | 13 months<br>ended<br>30 June<br>2014<br>£ |
|-----------------------------------|----------------------|--|
| Intercompany liability write back | 107,113              | -  |

**8. TAXATION**

|  | 30 June<br>2015<br>£ | 13 months<br>ended<br>30 June<br>2014<br>£ |
|--|----------------------|--|
| <b>Analysis of tax charge in the year/period</b> |                      |  |
| <b>Current tax</b> (see note below)              |                      |  |
| Group taxation relief                            | 72,522               | -  |
| <b>Deferred tax</b> (see note 14)                |                      |  |
| Released during the year                         | -                    | 91,286                                     |
| <b>Tax on profit on ordinary activities</b>      | 72,522               | 91,286                                     |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**
**8. TAXATION (continued)**
**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20.75% (2014 - 22.54%). The differences are explained below:

|  | 30 June<br>2015<br>£ | 13 months<br>ended<br>30 June<br>2014<br>£ |
|--|----------------------|--|
| Profit on ordinary activities before tax   | 274,758              | 45,564                                     |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014 - 22.54%) | 57,012               | 10,270                                     |
| <b>Effects of:</b>   |                      |  |
| Non-tax deductible expenditure   | 22,228               | 169  |
| Depreciation in excess of capital allowances   | (12,817)             | (12,435)                                   |
| Fixed asset differences  | 6,099                | 1,327                                      |
| Unrelieved tax losses carried forward  | -                    | 669  |
| Group relief surrendered   | (72,522)             | -  |
| Payment for group relief   | 72,522               | -  |
| <b>Current tax charge for the year/period (see note above)</b>   | <b>72,522</b>        | <b>-</b>                                   |

**9. DIVIDENDS**

|                                  | 30 June<br>2015<br>£ | 13 months<br>ended<br>30 June<br>2014<br>£ |
|----------------------------------|----------------------|--|
| Dividends paid on equity capital | 414,194              | -  |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**
**10. TANGIBLE FIXED ASSETS**

|                                 | Land &<br>buildings<br>£ | Office<br>equipment<br>£ | Computer<br>equipment<br>£ | Other fixed<br>assets<br>£ | Total<br>£ |
|---------------------------------|--------------------------|--------------------------|----------------------------|----------------------------|------------|
| <b>Cost</b>                     |                          |                          |                            |                            |            |
| At 1 July 2014 and 30 June 2015 | 455,034                  | 266,824                  | 1,045,034                  | 700,254                    | 2,467,146  |
| <b>Depreciation</b>             |                          |                          |                            |                            |            |
| At 1 July 2014                  | 91,266                   | 266,824                  | 1,045,034                  | 653,534                    | 2,056,658  |
| Charge for the year             | 9,101                    | -                        | -                          | 19,977                     | 29,078     |
| At 30 June 2015                 | 100,367                  | 266,824                  | 1,045,034                  | 673,511                    | 2,085,736  |
| <b>Net book value</b>           |                          |                          |                            |                            |            |
| At 30 June 2015                 | 354,667                  | -                        | -                          | 26,743                     | 381,410    |
| At 30 June 2014                 | 363,768                  | -                        | -                          | 46,720                     | 410,488    |

**11. DEBTORS**

|                                    | 2015<br>£         | 2014<br>£         |
|------------------------------------|-------------------|-------------------|
| Trade debtors                      | 219,349           | 975,789           |
| Amounts owed by group undertakings | 42,551,330        | 39,243,132        |
| Other debtors                      | -                 | 393,061           |
| Prepayments and accrued income     | 6,834             | 181,672           |
| Tax recoverable                    | -                 | 124,001           |
|                                    | <u>42,777,513</u> | <u>40,917,655</u> |

There are no debtor balances in relation to well operations.

**12. CASH AT BANK AND IN HAND**

Included within cash at bank and in hand is £1.3m (2014 - £1.2m) in relation to well operations.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**
**13. CREDITORS:  
Amounts falling due within one year**

|                                    | 2015<br>£         | 2014<br>£         |
|------------------------------------|-------------------|-------------------|
| Trade creditors                    | 405               | 1,260             |
| Amounts owed to group undertakings | 37,502,497        | 34,802,766        |
| Other taxation and social security | -                 | 356,066           |
| Other creditors                    | 3,765,284         | 4,135,228         |
|                                    | <u>41,268,186</u> | <u>39,295,320</u> |

Included within other creditors is an amount of £3.3m (2014 - £3.8m) in relation to well operations.

**14. DEFERRED TAXATION**

|                             | 2015<br>£ | 2014<br>£ |
|-----------------------------|-----------|-----------|
| At beginning of year/period | -         | (91,286)  |
| Released during year        | -         | 91,286    |
|                             | <u>-</u>  | <u>-</u>  |
| At end of year/period       | <u>-</u>  | <u>-</u>  |

**15. SHARE CAPITAL**

|   | 2015<br>£ | 2014<br>£ |
|---|-----------|-----------|
| <b>Allotted, called up and fully paid</b> |           |           |
| 600 Ordinary shares of £0.01 each         | <u>6</u>  | <u>6</u>  |

**16. RESERVES**

|                               | Profit and<br>loss account<br>£ |
|-------------------------------|---------------------------------|
| At 1 July 2014                | 3,391,400                       |
| Profit for the financial year | 202,236                         |
| Dividends: Equity capital     | (414,194)                       |
|                               | <u>3,179,442</u>                |
| At 30 June 2015               | <u>3,179,442</u>                |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**
**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

|   | 2015<br>£ | 2014<br>£ |
|---|-----------|-----------|
| Opening shareholders' funds                 | 3,391,406 | 3,734,889 |
| Prior year adjustments                      |           | (297,761) |
| Opening shareholders' funds (as restated)   |           | 3,437,128 |
| Profit/(loss) for the financial year/period | 202,236   | (45,722)  |
| Dividends (Note 9)                          | (414,194) | -         |
| Closing shareholders' funds                 | 3,179,448 | 3,391,406 |

**18. RELATED PARTY TRANSACTIONS**
**Control**

Throughout the period 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 set out in paragraph 3(c) of Financial Reporting Standard 8 which allows exemption from disclosure of related party transactions with other group companies.

**19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The intermediate parent company is Senergy Oil and Gas Limited, a company registered in Scotland.

The company's 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 Senergy Group Limited. The financial statements of Senergy Group Limited are available from its registered office at 7 Bon Accord Square, Aberdeen.