



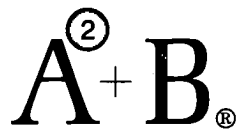
**RIGMAR SERVICES LIMITED**

**INFORMATION FOR FILING WITH THE REGISTRAR  
FOR THE YEAR ENDED 31 DECEMBER 2018**



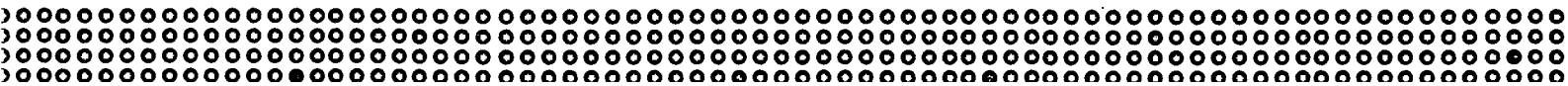


**RIGMAR SERVICES LIMITED**



**COMPANY INFORMATION**

<b>Directors</b>	K Nelson G MacGregor
<b>Company secretary</b>	Burness Paull LLP
<b>Registered number</b>	SC327164
<b>Registered office</b>	Union Plaza (6th Floor) 1 Union Wynd Aberdeen AB10 1DQ
<b>Independent auditors</b>	Anderson Anderson & Brown Audit LLP Kingshill View Prime Four Business Park Kingswells Aberdeen AB15 8PU



RIGMAR SERVICES LIMITED

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STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018



	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	6	493,776	672,239
		<u>493,776</u>	<u>672,239</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	4,557,101	4,082,760
Cash at bank and in hand	9	81,554	280,797
		<u>4,638,655</u>	<u>4,363,557</u>
Creditors: amounts falling due within one year	10	(14,746,516)	(12,955,766)
<b>Net current liabilities</b>		<u>(10,107,861)</u>	<u>(8,592,209)</u>
<b>Total assets less current liabilities</b>		<u>(9,614,085)</u>	<u>(7,919,970)</u>
<b>Provisions for liabilities</b>			
Other provisions	12	-	(291,511)
		<u>-</u>	<u>(291,511)</u>
<b>Net liabilities</b>		<u><u>(9,614,085)</u></u>	<u><u>(8,211,481)</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	123	123
Profit and loss account		<u>(9,614,208)</u>	<u>(8,211,604)</u>
		<u><u>(9,614,085)</u></u>	<u><u>(8,211,481)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

K Nelson  
Director

Date: 17.09.2019

The notes on pages 2 to 13 form part of these financial statements.

**1. General information**

Rigmar Services Limited is a company incorporated in Scotland. The registered office is Union Plaza, 6th Floor, 1 Union Wynd, Aberdeen, Aberdeenshire, AB10 1DQ. The principal activities of the company are the supply of engineering works and non-destructive testing on oil rigs and civil engineering projects.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Rigmar Group (Holdings) Limited as at 31 December 2018 and these financial statements may be obtained from Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ.

**2.3 Exemption from preparing consolidated financial statements**

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**2. Accounting policies (continued)****2.4 Going concern**

The directors, having made due and careful enquiry including the preparation of detailed forecasts, review of the order book and anticipated market conditions, are of the opinion that the company has adequate working capital to execute their operations over the next 12 months.

Financial projections have been prepared for the group until 2021 which anticipate improving market conditions and the group achieving EBITDA of £0.38m in 2019, which is similar to its trailing twelve month EBITDA, but increasing to £1.69m in 2020. The financial statements have been prepared on a going concern basis due to the continuing availability of the support of investors. These funders have provided additional financial support earlier in 2019 through an injection of £900,000 to finance working capital (see note 29). Despite this, there remains uncertainty over whether the market will improve as anticipated which will enable the group to achieve the 2020 EBITDA. Accordingly it may be that further financial support from shareholders is required.

The directors, therefore, have made the informed judgement, at the time of approving the financial statements, that there is 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.

**2.5 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.

Exchange gains and losses are recognised in the Statement of comprehensive income.

**2.6 Revenue****Long Term Contracts**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of work carried out at the year end, by recording turnover and related costs as contract activity progresses. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

**2.7 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2. Accounting policies (continued)**

**2.8 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income 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.

**2.9 Pension**

**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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

**2.10 Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a charge 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 reporting date in the countries where the company operates and generates income.

**2.11 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.

**2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.12 Tangible fixed assets (continued)**

Depreciation is provided on the following basis:

S/Term Leasehold Property	- 20% straight line
Plant & machinery	- 10 - 33% straight line
Motor vehicles	- 20% straight line
Fixtures & fittings	- 20% straight line
Office equipment	- 20 - 33% straight line

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 within 'other operating income' in the Statement of comprehensive income.

**2.13 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.14 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.

**2.15 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.

**2.16 Creditors**

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

**2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

## 2. Accounting policies (continued)

### 2.18 Financial instruments

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

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 debtors and creditors, 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 the 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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Statement of Comprehensive Income.

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

## 3. Employees

The average monthly number of employees, including directors, during the year was 39 (2017 - 107).

**4. Directors' and key management remuneration**

Salaries of directors and key management responsible for group operations are borne by the immediate parent undertaking. A management charge is made by the immediate parent to the company in respect of the company's share of group management and financing costs.

**5. Exceptional items**

	2018 £	2017 £
Redundancy payments	-	4,927
Exceptional legal fees	17,183	41,667
Other exceptional items	-	10,712
Employee settlement	1,492	60,700
Onerous lease	(16,565)	291,511
	<u>2,110</u>	<u>409,517</u>

# **RIGMAR SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

### **6. Tangible fixed assets**

	S/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>							
At 1 January 2018	206,006	1,665,206	9,935	280,532	613,038	56,707	2,831,424
Additions	4,869	22,046	-	-	-	17,926	44,841
At 31 December 2018	210,875	1,687,252	9,935	280,532	613,038	74,633	2,876,265
<b>Depreciation</b>							
At 1 January 2018	121,631	1,211,671	9,935	237,280	568,758	9,910	2,159,185
Charge for the year on owned assets	41,931	105,125	-	20,144	31,921	24,183	223,304
At 31 December 2018	163,562	1,316,796	9,935	257,424	600,679	34,093	2,382,489
<b>Net book value</b>							
At 31 December 2018	47,313	370,456	-	23,108	12,359	40,540	493,776
At 31 December 2017	84,375	453,535	-	43,252	44,280	46,797	672,239



RIGMAR SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018



7. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2018	314,207
At 31 December 2018	314,207
<b>Impairment</b>	
At 1 January 2018	314,207
At 31 December 2018	314,207
<b>Net book value</b>	
At 31 December 2018	-
At 31 December 2017	-



**RIGMAR SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**



**8. Debtors**

	2018 £	2017 £
Trade debtors	1,761,233	1,270,769
Amounts owed by group undertakings	2,198,505	2,196,300
Other debtors	240,482	110,600
Prepayments and accrued income	356,881	505,091
	<u>4,557,101</u>	<u>4,082,760</u>

**9. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	81,554	280,797
	<u>81,554</u>	<u>280,797</u>

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

	2018 £	2017 £
Trade creditors	574,199	669,422
Amounts owed to group undertakings	13,350,825	11,485,996
Other taxation and social security	157,132	189,154
Other creditors	236,698	236,529
Accruals and deferred income	427,662	374,665
	<u>14,746,516</u>	<u>12,955,766</u>

**11. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>81,554</u>	<u>280,797</u>

Financial assets measured at fair value through profit or loss comprise cash at bank.

**RIGMAR SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**



**12. Provisions**

	Onerous lease £
At 1 January 2018	291,511
Utilised in year	(291,511)
<b>At 31 December 2018</b>	<b>-</b>

The onerous lease provision relates to rental and ancillary costs of a yard at Invergordon. The lease expires in March 2019 and a sublet was agreed in December 2018.

**13. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
123 Ordinary shares of £1 each	123	123

**14. Pension commitments**

The group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted £42,562 (2017 - £31,467). Contributions of £nil (2017 - £40,976) were payable to the fund at the year end and are included in creditors.

**15. Securities**

The company has provided a cross guarantee to Lionel Midco Limited, Lionel Bidco Limited, Interocean Marine Services Limited and Rigmar Fabrication Limited which is supported by a bond and floating charge over all assets of the group in respect of indebtedness under the group banking facilities.

As 31 December 2018 the total indebtedness in respect of this guarantee was £6,750,781 (2017 - £6,900,000).

The company has provided a second ranking floating charge over all assets of the group in respect of the indebtedness under the £1,525,000 of convertible loan notes issued during 2016 and 2017.

**16. Related party transactions****Control**

Throughout the year the company was controlled by the directors.

**Transactions**

The company has taken advantage of FRS 102 section 33 paragraph (a), which allows exemption from transactions with other group companies.

During the year the company had the following transactions with related parties:

Related party	Transaction	£	Balance at year end £
Rigmar Training (Array Training), A company with common directors	Purchases	(7,567)	69,072
Leemoss Limited, A company in which K Nelson and G MacGregor are directors	Purchases	(189,000)	(141,750)
Vavao Pte Ltd , A company in which G MacGregor is a director	Purchases	(74,000)	(24,000)
KWN Marine Limited, A company in which K Nelson is a director	Purchases	(12,325)	(3,060)
AFS Technologies Limited A company with common directors	Purchases Sales	(12,482) 31,611	41,765

**17. Post balance sheet events**

The majority shareholders acquired the Group's external secured debt in March 2019 and subsequently agreed to a standstill on repayment terms and covenants. No loan repayments or interest will be payable until March 2020 although interest will continue to accrue during this period. The renegotiation also included additional funding of £900k being injected into the group in 2019. This funding will be used to provide additional working capital funds to the group.

**18. Controlling party**

The company's ultimate parent company is Rigmar Group (Holdings) Limited, a company registered in Scotland, and the company's immediate parent company is Lionel Bidco Limited, a company registered in Scotland.

The largest and smallest group that the results of the company are consolidated in is Rigmar Group (Holdings) Limited. A copy of their financial statements can be obtained from the Companies House website.

The company's controlling party is EG Momentum L.P., a company incorporated in Guernsey.

**19. Auditors' information**

The auditors' report on the financial statements for the year ended 31 December 2018 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report:

We draw attention to note 2.4 in the financial statements, which indicates that there remains uncertainty over whether the market will improve as anticipated in the financial projections which will enable the group to achieve budgeted EBITDA. As stated in note 2.4, these events or conditions, along with the other matters as set forth in note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 17/9/19 by John Black (Senior Statutory Auditor) on behalf of Anderson Anderson & Brown Audit LLP.