

Registered number: SC375963

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## SENERGY GROUP LIMITED

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2014

TUESDAY



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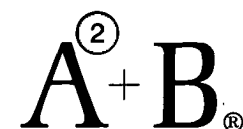
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COMPANIES HOUSE

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**SENERGY GROUP LIMITED**



**COMPANY INFORMATION**

**DIRECTORS**

J G McCallum  
N M Campbell  
A Gow (resigned 2 September 2013)  
N McCollam  
A Buchanan  
D J Mitchell (appointed 4 March 2015)

**COMPANY SECRETARY**

HBJGW Secretarial Limited

**REGISTERED NUMBER**

SC375963

**REGISTERED OFFICE**

15 Bon Accord Crescent  
Aberdeen  
Scotland  
AB11 6DE



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**GROUP STRATEGIC REPORT  
FOR THE PERIOD ENDED 30 JUNE 2014**

**INTRODUCTION**

The Group's activities are largely providing integrated project management and technical consultancy services to the energy industry conducted in respect of projects on an international basis.

**BUSINESS REVIEW**

The Group has had a successful trading year in all its activities with growth being driven by the successful positioning of the Group's services in the market and activity levels in the oil & gas sector in general. The majority of revenue relates to work performed in the UK with growing revenue streams from both Asia Pacific and the Middle East. The Group has suffered margin erosion due to pressure on pricing from customers and the increase in cost base across the Group. The Group has also made provision for accounts receivable in line with the Ultimate Parent Company's accounting policy which results in a reduction in trading profit.

The Group has a strengthening operating working capital and net assets position. The reported position is impacted by the accounting policy alignment as noted above.

The Group continues to focus its activities in all areas of its operations in both the UK, Africa and Middle East.

The directors are confident for the future prospects for the company albeit mindful of the short term prospects given the current low commodity oil price and its impact on activity levels in the global oil & gas market.

Subsequent to the year end the directors recognise that LR Senergy Limited, a company registered in England, to be the ultimate holding company. This is due to a significant investment on 2 September 2013 from Lloyd's Register Group Limited to assist in the continued development and growth of the Senergy Group of Companies.

**PRINCIPAL RISKS AND UNCERTAINTIES**

As the business grows it faces inherent risk in terms of people retention, recruitment and in contractual terms and conditions it negotiates with customers. This risk is successfully managed through appropriate corporate governance, QHSE control and assessment procedures and staff development.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The directors consider the key financial performance 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 2014, the Company generated £39.7m (2013 - £40.9m) in gross profit, on £125.6m (2013 - £118.6) of turnover.

Loss on ordinary activities before taxation was £1.7m (2013 - £0.8m profit).


**FUTURE OUTLOOK**

The Group foresees a challenging trading environment in the short term due to market conditions and is in the process of developing other markets both internationally and domestically. The directors are confident for the prospects of the Group albeit given the challenging market conditions which are expected as a result of the lower oil commodity price which is being experienced and which is expected to continue through the year to 30 June 2015.

The Group is undergoing a structural and cost review with the intent of the business being in a position to respond to current and future market conditions. This has and will result in a refocus and reallocation of resources in areas of potential growth and a reduction in those areas where growth is not expected.

GROUP STRATEGIC REPORT (continued)  
FOR THE PERIOD ENDED 30 JUNE 2014

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

  
.....  
N M Campbell  
Director

Date: 27/3/15

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 30 JUNE 2014**

The directors present their report and the financial statements for the period ended 30 June 2014.

**RESULTS AND DIVIDENDS**

The profit for the period, after taxation and minority interests, amounted to £5.9m (2013 - loss £0.2m).

No dividends have been paid or proposed during the current period (2013 - £nil)

**DIRECTORS**

The directors who served during the period were:

J G McCallum  
N M Campbell  
A Gow (resigned 2 September 2013)  
N McCollam  
A Buchanan

**GROUP PROSPECTS**

The business remains well positioned in markets of long term importance to the global economy. Our focus on energy and energy infrastructure markets provides the Group with a substantial underpin to its prospects. We believe that our strategy of building multi-disciplinary businesses in each of the regions in which we operate to be attractive and achievable. We will, therefore, continue to develop our business organically, whilst seeking further acquisition opportunities. Our balance sheet is strong enough to continue to support this strategy.

**EMPLOYEES**

The attraction, retention and motivation of high calibre employees is a strategic imperative of the Group. To achieve this, the Group maintains appropriate remuneration structures as well as an environment in which employees are able to develop their skills in a way that can be applied to our clients' requirements.

Each of the businesses has the remit to put in place arrangements that meet their specific demands whilst working within the framework of overall group-wide structures and systems. Human resource professionals are employed throughout the Group to support the achievement of this objective. Each of the executive directors has overall accountability for the development of human resource practice within the businesses for which they are responsible.

**EQUAL OPPORTUNITIES**

The business provides equal opportunities for all its employees and potential employees regardless of their sex, sexual orientation, trans-gender status, religion or belief, marital status, civil partnership status, pregnancy, age, disability, race, colour, nationality, national or ethnic origins. The policy applies to the process of recruitment and selection, promotion, training and development, conditions of work, pay and benefits and to every other aspect of employment.

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 30 JUNE 2014**

**TRAINING AND DEVELOPMENT**

The Group is committed to the education and development of its employees to enable them to realise their potential and effectiveness. Regional managers, service line leaders and project managers are responsible for the management of training and verification of technical competence for project personal in accordance with our quality management systems. Continuing professional development is of particular importance for our professional employees who are required to demonstrate technical competence within their specific sectors. The Group accordingly supports a range of schemes through professional bodies and is a recognised training provider in a number of technical fields.

**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 and the Group'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 and the Group's auditors are aware of that information.

**AUDITORS**

The auditors, Anderson Anderson and Brown, 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 by:

  
N M Campbell  
Director

Date: 27/3/15

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2014**

The directors are responsible for preparing the Group 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 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 Group and the profit or loss of the group 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 group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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

We have audited the financial statements of Senergy Group Limited for the period ended 30 June 2014, set out on pages 9 to 35. 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 group's and the parent 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 Group 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 group's and the parent company's affairs as at 30 June 2014 and of the group's loss for the period 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 GROUP LIMITED**

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

In our opinion the information given in the Group strategic report and the Directors' report for the financial period 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 and Brown**

Statutory Auditor

9 Queens Road

Aberdeen

AB15 4YL

Date:

27 March 2015

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 30 JUNE 2014**

		13 months ended 30 June 2014 £000	Year ended 31 May 2013 £000
	Note		
<b>TURNOVER</b>	1,2	125,633	118,642
Cost of sales		(85,923)	(77,650)
<b>GROSS PROFIT</b>		39,710	40,992
Administrative expenses		(38,850)	(34,390)
Exceptional administrative expenses	4	(1,785)	(4,451)
Total administrative expenses		(40,635)	(38,841)
<b>OPERATING (LOSS)/PROFIT</b>	3	(925)	2,151
Interest receivable and similar income	8	121	334
Interest payable and similar charges	9	(853)	(1,665)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,657)	820
Tax on (loss)/profit on ordinary activities	10	(3,721)	(629)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(5,378)	191
Minority interests		(480)	(345)
<b>LOSS FOR THE FINANCIAL PERIOD</b>	22	(5,858)	(154)

All amounts relate to continuing operations.

The notes on pages 15 to 35 form part of these financial statements.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE PERIOD ENDED 30 JUNE 2014**

	Note	2014 £000	As restated 2013 £000
<b>LOSS FOR THE FINANCIAL PERIOD</b>		(5,858)	(154)
Other movements in profit and loss reserve		(224)	237
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD</b>		(6,082)	83
Prior year adjustment	23	(298)	
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS</b>		(6,380)	


The notes on pages 15 to 35 form part of these financial statements.

CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2014

	Note	£000	30 June 2014 £000	£000	Restated 31 May 2013 £000
<b>FIXED ASSETS</b>					
Intangible assets	11		31,235		22,950
Tangible assets	14		4,120		4,501
			<u>35,355</u>		<u>27,451</u>
<b>CURRENT ASSETS</b>					
Stocks	15	269		650	
Debtors	16	37,892		41,087	
Cash at bank	17	8,699		9,159	
		<u>46,860</u>		<u>50,896</u>	
<b>CREDITORS: amounts falling due within one year</b>	18	(66,903)		(56,202)	
<b>NET CURRENT LIABILITIES</b>			(20,043)		(5,306)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>15,312</u>		<u>22,145</u>
<b>CREDITORS: amounts falling due after more than one year</b>	19		(113)		(2,273)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	20		(6)		-
<b>NET ASSETS</b>			<u>15,193</u>		<u>19,872</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		1		1
Share premium account	22		19,537		18,257
Profit and loss account	22		(4,632)		1,450
<b>SHAREHOLDERS' FUNDS</b>	24		<u>14,906</u>		<u>19,708</u>
<b>MINORITY INTERESTS</b>			287		164
			<u>15,193</u>		<u>19,872</u>

**CONSOLIDATED BALANCE SHEET (continued)**  
**AS AT 30 JUNE 2014**

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

  
.....  
N M Campbell  
Director


Date: 27/3/15

The notes on pages 15 to 35 form part of these financial statements.

COMPANY BALANCE SHEET  
AS AT 30 JUNE 2014

	Note	£000	30 June 2014 £000	£000	31 May 2013 £000
<b>FIXED ASSETS</b>					
Investments	12		31,741		27,613
<b>CURRENT ASSETS</b>					
Debtors	16	27,144		4,193	
<b>CREDITORS:</b> amounts falling due within one year	18	(40,711)		(14,622)	
<b>NET CURRENT LIABILITIES</b>			(13,567)		(10,429)
<b>NET ASSETS</b>			18,174		17,184
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		1		1
Share premium account	22		19,537		18,257
Profit and loss account	22		(1,364)		(1,074)
<b>SHAREHOLDERS' FUNDS</b>	24		18,174		17,184

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

  
N M Campbell  
Director

Date: 27/3/15

The notes on pages 15 to 35 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2014**

	Note	2014 £000	Restated 2013 £000
Net cash flow from operating activities	25	2,003	5,206
Returns on investments and servicing of finance	26	(732)	(1,331)
Taxation	26	(2,383)	(799)
Capital expenditure and financial investment	26	(11,615)	(3,744)
Acquisitions and disposals	26	(1,280)	-
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(14,007)</b>	<b>(668)</b>
Financing	26	18,408	(4,913)
<b>INCREASE/(DECREASE) IN CASH IN THE PERIOD</b>		<b>4,401</b>	<b>(5,581)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE PERIOD ENDED 30 JUNE 2014**

	2014 £000	Restated 2013 £000
Increase/(Decrease) in cash in the period	4,401	(5,581)
Cash inflow/(outflow) from decrease/(increase) in debt and lease financing	15,630	7,547
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>	<b>20,031</b>	<b>1,966</b>
Net debt at the beginning of period	(13,369)	(15,335)
<b>NET FUNDS/(DEBT) AT THE END OF PERIOD</b>	<b>6,662</b>	<b>(13,369)</b>

The notes on pages 15 to 35 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**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.

**1.2 Going concern**

The financial position of the Group, its working capital and funding, including the Group's financial planning processes for managing its financial risk are described in the Directors' Report.

The Group has considerable financial resources, together with long term contracts with a number of customers and suppliers. The financial forecasts show that borrowing facilities are adequate such that the Group can operate within these facilities and meet its obligations when they fall due for the foreseeable future.

As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current economic climate. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

**1.3 Basis of consolidation**

The financial statements consolidate the accounts of Senergy Group Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the period are included from the effective date of acquisition.

The results of subsidiaries sold during the year are included up to the effective date of disposal.

**1.4 Turnover**

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

**1.5 Well operations**

Where the Group acts as an intermediary, and meets the relevant criteria, the financial statements 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 Group being recognised. Included within other debtors (Note 16), cash at bank and in hand (Note 17) and other creditors (Note 18) the Group has identified the gross values attributed to well operations.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

### 1. ACCOUNTING POLICIES (continued)

#### 1.6 Intangible fixed assets and amortisation

Trademarks are included at cost. Amortisation is provided on a straight line basis over 20 years.

Goodwill on acquisition represents the excess of the fair value of the consideration paid for a subsidiary, or business, over the fair value of its net assets at the date of acquisition. For acquisitions, goodwill (both positive and negative) is capitalised and amortised over its useful economic life. The useful economic life is separately determined on an acquisition by acquisition basis, however, it is generally not expected to exceed twenty years.

Intellectual property is included at cost. Amortisation is charged over its useful economic life of 10 years.

#### 1.7 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:

Buildings	-	2% straight line
Motor vehicles	-	20% straight line
Fixtures & fittings	-	33% straight line
Computer equipment	-	33% straight line
Tennants Improvements	-	20% straight line

#### 1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

#### 1.9 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 1.10 Operating leases

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

#### 1.11 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014****1. ACCOUNTING POLICIES (continued)****1.12 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.

**1.13 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.

**1.14 Pensions**

The company contributes to a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

**1.15 Loan finance costs**

The costs of issue of loan finance are charged to the profit and loss account over the terms of the loans at constant rates relative to their carrying amount.

**2. TURNOVER**

The whole of the turnover is attributable to providing integrated project management and technical services to the energy industry.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

### 3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	13 months ended 30 June 2014 £000	Year ended 31 May 2013 £000
Amortisation - intangible fixed assets	2,573	1,534
Depreciation of tangible fixed assets:		
- owned by the group	1,498	1,174
Operating lease rentals:		
- plant and machinery	76	476
- other operating leases	1,535	1,252
Difference on foreign exchange	537	(19)
	<u>          </u>	<u>          </u>

### 4. EXCEPTIONAL ITEMS

The exceptional items are detailed below -

	13 months ended 30 June 2014 £000	Year ended 31 May 2013 £000
Impairment of investment	-	531
Contract provision	-	3,920
Bad debt provision	1,785	-
	<u>          </u>	<u>          </u>
	<u>1,785</u>	<u>4,451</u>

#### Impairment of investment

The impairment of the investment held by Senergy Group Limited is to reflect the current market value of the current asset investment.

#### Contract provision

As a result of external legislative change, an overseas contract to which a subsidiary is a party was terminated by the client. Amounts due by the client under that contract are being pursued under contract, however, in the circumstances an exceptional provision has been made for those amounts which will be released on recovery.

#### Bad debt provision

Bad debt provision is to reflect the uncertainty over collection of an overseas debtor as a result of a tax dispute.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**5. AUDITORS' REMUNERATION**

	13 months ended 30 June 2014 £000	Year ended 31 May 2013 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	20	20
Fees payable to the company's auditor and its associates in respect of:		
The auditing of accounts of associates of the company	278	226
All other services	147	118
	<u>          </u>	<u>          </u>

**6. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	13 months ended 30 June 2014 £000	Year ended 31 May 2013 £000
Wages and salaries	50,816	50,166
Social security costs	4,930	4,395
Other pension costs	3,462	2,508
	<u>          </u>	<u>          </u>
	<u>59,208</u>	<u>57,069</u>

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

	13 months ended 30 June 2014 No.	Year ended 31 May 2013 No.
Technical	411	403
Administration	149	161
	<u>          </u>	<u>          </u>
	<u>560</u>	<u>564</u>

**7. DIRECTORS' REMUNERATION**

Senergy Group Limited has paid no emoluments in the period. Emoluments paid from subsidiary companies are shown in the relevant financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**
**8. INTEREST RECEIVABLE**

	13 months ended 30 June 2014 £000	Year ended 31 May 2013 £000
Bank interest receivable	121	334

**9. INTEREST PAYABLE**

	13 months ended 30 June 2014 £000	Year ended 31 May 2013 £000
Bank interest	736	246
Loan interest	-	1,398
Other interest payable	117	21
	853	1,665

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**10. TAXATION**

	13 months ended 30 June 2014 £000	Year ended 31 May 2013 £000
<b>Analysis of tax charge in the period/year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax (credit)/charge on (loss)/profit for the period/year	(86)	170
Adjustments in respect of prior periods	(1)	110
	<hr/>	<hr/>
Foreign tax on income for the period/year	(87) 2,822	280 1,217
	<hr/>	<hr/>
<b>Total current tax</b>	<b>2,735</b>	<b>1,497</b>
	<hr/>	<hr/>
<b>Deferred tax</b>		
Origination and reversal of timing differences	482	(868)
Released during the year	535	-
Adjustments in respect of prior periods	(31)	-
	<hr/>	<hr/>
<b>Total deferred tax</b> (see note 20)	<b>986</b>	<b>(868)</b>
	<hr/>	<hr/>
<b>Tax on (loss)/profit on ordinary activities</b>	<b>3,721</b>	<b>629</b>
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**10. TAXATION (continued)**

**Factors affecting tax charge for the period/year**

The tax assessed for the period/year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 22.54% (2013 - 23.83%). The differences are explained below:

	2014 £000	2013 £000
(Loss)/profit on ordinary activities before tax	(1,657)	820
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.54% (2013 - 23.83%)	(373)	196
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill	389	358
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	61	442
Depreciation in excess of capital allowances	95	93
Utilisation of tax losses	1,591	198
Adjustments to tax charge in respect of prior periods	(1)	110
Short term timing differences	(293)	(19)
Non-taxable income	(21)	(90)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(340)	(334)
Foreign tax differences	1,669	636
Other differences leading to an increase (decrease) in the tax charge	-	176
Deferred tax assets and liabilities not previously recognised	-	(201)
Other permanent timing differences	(42)	(68)
<b>Current tax charge for the period/year (see note above)</b>	<b>2,735</b>	<b>1,497</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**11. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Intellectual Property £000</b>	<b>Trademarks £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<b>Cost</b>				
At 1 June 2013	-	159	31,874	32,033
Additions	10,307	29	915	11,251
Foreign exchange movement	-	-	(525)	(525)
At 30 June 2014	10,307	188	32,264	42,759
<b>Amortisation</b>				
At 1 June 2013	-	21	9,062	9,083
Charge for the period	836	10	1,727	2,573
Foreign exchange movement	-	-	(132)	(132)
At 30 June 2014	836	31	10,657	11,524
<b>Net book value</b>				
At 30 June 2014	9,471	157	21,607	31,235
At 31 May 2013	-	138	22,812	22,950

The directors consider each intangible asset separately for the purpose of determining the amortisation that arises. Positive goodwill and other intangible assets are being amortised over 20 years.

The addition to goodwill is explained in note 13 below.

**12. FIXED ASSET INVESTMENTS**

<b>Company</b>	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 June 2013	27,613
Additions	4,128
At 30 June 2014	31,741
<b>Net book value</b>	
At 30 June 2014	31,741
At 31 May 2013	27,613

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**12. FIXED ASSET INVESTMENTS (continued)**

The subsidiary undertakings at 31 May 2013 were:

Name	Holding	%	Nature of business
Senergy Holdings Limited	Ordinary shares	100	Intermediate holding company
Senergy Limited*	Ordinary shares	100	Company providing services to oil industry
Senergy Trustees Limited	Ordinary shares	100	Dormant
Senergy Aligned Services Limited	Ordinary shares	100	Investment company
Senergy Alternative Energy Limited	Ordinary shares	100	Provision of services to alternative energy sector
Reservoir Management (Holdings) Limited*	Ordinary shares	100	Dormant
Reservoir Management Limited*	Ordinary shares	100	Dormant
Senergy Wells Limited*	Ordinary shares	100	Provision of subsurface and wells engineering services
Senergy International Sdn Bhd (Malaysia)*	Ordinary shares	49	Supply of geo-science and petroleum engineering consultancy services
Senergy (GB) Limited*	Ordinary shares	100	Provision of subsurface expertise and specialist software
Senergy Development Solutions Limited *****	Ordinary shares	100	Provision of facilities engineering and total project delivery
Floyd and Associates Limited ***	Ordinary shares	100	Provision of geohazard assessment marine site surveys and rig positioning consultancy services
Isis Energy Limited ***	Ordinary shares	100	Provision of marine geo-share technology and engineering consultancy services
Interactive Petrophysics Limited*	Ordinary shares	100	Dormant
Ternan Limited*	Ordinary shares	100	Promotion of exploration ideas

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**12. FIXED ASSET INVESTMENTS (continued)**

Senergy A/S (Norway) *	Ordinary shares	100	Consultancy services to the oil and gas industry
Senergy Australia Pty Limited (Australia) *	Ordinary shares	100	Consultancy services to the oil and gas industry
Floyd and Associates Holdings Limited ***	Ordinary shares	100	Holding Company
Senergy Oil and Gas Limited	Ordinary shares	100	Holding company and provision of services on behalf of other group companies
Senergy Technology Limited	Ordinary shares	100	Dormant
Senergy Survey and Geoengineering Limited	Ordinary shares	100	Holding company and provision of marine consultancy services
Senergy Econnect Limited **	Ordinary shares	100	Provision of services to renewable energy industry
Senergy Oil and Gas (Ireland) Limited (Ireland) **	Ordinary shares	100	Provision of electrical consultancy services to renewable energy industry
Senergy Econnect Australia Pty Limited (Australia) **	Ordinary shares	100	Provision of consultancy services to electrical engineering industry
Senergy Resources Limited	Ordinary shares	100	Provision of employment services to the Senergy Group of companies
Leading Edge Advantage International Limited*	Ordinary shares	100	Project management of advanced drilling techniques in the oil and gas industry
Leading Edge Advantage (Underbalanced) Limited*	Ordinary shares	100	Dormant
Leading Edge Advantage (Sustainment) Limited*	Ordinary shares	100	Provision of specialist engineering consultancy services to the oilfield industry
Senergy LEA Limited*	Ordinary shares	100	Provision of specialist engineering consultancy services to the oilfield industry
Senergy France Limited*	Ordinary shares	100	Dormant
Senergy Software Limited****	Ordinary shares	100	Provision and maintenance of software products to the oil and gas industry

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**12. FIXED ASSET INVESTMENTS (continued)**

SAE Inc (USA)*****	Ordinary shares	64	Provision and maintenance of software products to the oil and gas industry
SGC LLC (USA)*****	Ordinary shares	64	Provision and maintenance of software products to the oil and gas industry

\* held by Senergy Oil & Gas Limited

\*\* held by Senergy Alternative Energy Limited

\*\*\* held by Senergy Survey & Geoengineering Limited

\*\*\*\* held by Senergy Technology Limited

\*\*\*\*\* held by Senergy Aligned Services Limited

All subsidiaries are incorporated in the UK unless otherwise stated.

**13. ACQUISITIONS AND DISPOSALS**

During the period the Company acquired the 31% minority interest in Senergy Development Solutions Limited for a consideration of cash and shares. The results in excess of fair value of £915k is recognised as goodwill.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**
**14. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Buildings £000</b>	<b>Fixtures &amp; fittings £000</b>	<b>Computer equipment £000</b>	<b>Tenants Improv'ts £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 June 2013	2,561	2,063	5,414	957	10,995
Additions	-	538	1,407	83	2,028
Disposals	(609)	(329)	(41)	-	(979)
Foreign exchange movement	-	(106)	(175)	(53)	(334)
At 30 June 2014	1,952	2,166	6,605	987	11,710
<b>Depreciation</b>					
At 1 June 2013	303	1,096	4,318	777	6,494
Charge for the period	44	334	1,031	89	1,498
On disposals	(19)	(182)	(29)	-	(230)
Foreign exchange movement	-	(35)	(67)	(70)	(172)
At 30 June 2014	328	1,213	5,253	796	7,590
<b>Net book value</b>					
At 30 June 2014	1,624	953	1,352	191	4,120
At 31 May 2013	2,258	967	1,096	180	4,501

**15. STOCKS**

	<b>Group</b>		<b>Company</b>	
	30 June 2014 £000	Restated 31 May 2013 £000	30 June 2014 £000	31 May 2013 £000
Work in progress	269	650	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**
**16. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	30 June	Restated 31 May	30 June	31 May
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade debtors	14,876	17,572	-	-
Amounts owed by group undertakings	-	-	26,193	2,097
VAT recoverable	44	953	-	-
Other debtors	5,895	9,347	951	1,007
Prepayments and accrued income	14,816	11,177	-	817
Tax recoverable	2,231	1,026	-	-
Deferred tax asset (see note 20)	30	1,012	-	272
	<b>37,892</b>	<b>41,087</b>	<b>27,144</b>	<b>4,193</b>

Included in Group other debtors is an amount of £1.1m (2013 - £5.3m) due from third parties in relation to well operations.

**17. CASH AT BANK**

Included within Group cash at bank is an amount of £4.2m (2013 - £2.95m) in relation to well operations which is held on behalf of third parties.

**18. CREDITORS:  
Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	30 June	Restated 31 May	30 June	31 May
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans and overdrafts	1,902	12,272	-	-
Other loans	-	9,597	-	9,597
Net obligations under finance leases and hire purchase contracts	21	260	-	-
Trade creditors	5,264	5,341	10	120
Amounts owed to group undertakings	32,758	-	40,513	4,706
Corporation tax	2,837	1,281	-	117
Other taxation and social security	3,871	5,565	-	-
Other creditors	11,480	11,837	178	-
Accruals and deferred income	8,770	10,049	10	82
	<b>66,903</b>	<b>56,202</b>	<b>40,711</b>	<b>14,622</b>

Included in Group creditors is an amount of £7.6m (2013 - £10.5m) due to third parties in relation to well operations and an amount of £301k (2013 - £244k) due to the defined contribution pension scheme.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**18. CREDITORS:  
Amounts falling due within one year (continued)**

Other loans at 31 May 2013 represent loans from shareholders.

**19. CREDITORS:  
Amounts falling due after more than one year**

	<u>Group</u>		<u>Company</u>	
	30 June	Restated 31 May	30 June	31 May
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans	76	-	-	-
Net obligations under finance leases and hire purchase contracts	37	400	-	-
Other creditors	-	1,873	-	-
	<u>113</u>	<u>2,273</u>	<u>-</u>	<u>-</u>

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	30 June	Restated 31 May	30 June	31 May
	2014	2013	2014	2013
	£000	£000	£000	£000
<b>Between one and two years</b>				
Bank loans	<u>76</u>	<u>-</u>	<u>-</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<u>Group</u>		<u>Company</u>	
	30 June	Restated 31 May	30 June	31 May
	2014	2013	2014	2013
	£000	£000	£000	£000
Between one and five years	<u>37</u>	<u>400</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**
**20. DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	30 June 2014 £000	Restated 31 May 2013 £000	30 June 2014 £000	31 May 2013 £000
At beginning of period/year	1,012	142	272	-
(Charge for)/released during the year	(989)	870	(272)	272
At end of period/year	23	1,012	-	272

The deferred taxation balance is made up as follows:

	<b>Group</b>		<b>Company</b>	
	30 June 2014 £000	Restated 31 May 2013 £000	30 June 2014 £000	31 May 2013 £000
Accelerated capital allowances	13	125	-	-
Tax losses brought forward	3	-	-	-
Short term timing differences	7	887	-	272
	23	1,012	-	272
comprising:				
Asset - due within one year	30	1,012	-	272
Liability	(6)	-	-	-
	24	1,012	-	272

**21. SHARE CAPITAL**

	30 June 2014 £000	31 May 2013 £000
<b>Allotted, called up and fully paid</b>		
5,867,405 (2013 - 5,758,357) Ordinary shares of £0.0001 each	1	1



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**22. RESERVES**

<b>Group</b>	Share premium account £000	Profit and loss account £000
At 1 June 2013 (as previously stated)	18,257	1,748
Prior year adjustment (note 23)		(298)
At 1 June 2013 (as restated)		1,450
Loss for the financial period	-	(5,858)
Premium on shares issued during the period	1,280	-
Other movements	-	(224)
At 30 June 2014	<u>19,537</u>	<u>(4,632)</u>
<b>Company</b>	Share premium account £000	Profit and loss account £000
At 1 June 2013	18,257	(1,074)
Loss for the financial period	-	(290)
Premium on shares issued during the period	1,280	-
At 30 June 2014	<u>19,537</u>	<u>(1,364)</u>

**23. PRIOR YEAR ADJUSTMENT**

The prior year adjustment has been made to remove a debtor from the accounts of a subsidiary entity in relation to an invoice which was incorrectly raised. The effect is to reduce opening shareholders' funds by £298k.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**24. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	30 June 2014 £000	Restated 31 May 2013 £000
<b>Group</b>		
Opening shareholders' funds	20,006	17,941
Prior year adjustments (note 23)	(298)	(950)
Opening shareholders' funds (as restated)	19,708	16,991
(Loss)/profit for the financial period/year	(5,858)	(154)
Shares issued during the period/year	-	1
Share premium on shares issued (net of expenses)	1,280	2,633
Other recognised gains and losses during the period/year	(224)	237
Closing shareholders' funds	14,906	19,708
<b>Company</b>		
Opening shareholders' funds	17,184	15,098
Loss for the financial period/year	(290)	(547)
Share premium on shares issued (net of expenses)	1,280	2,633
Closing shareholders' funds	18,174	17,184

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the period/year dealt with in the accounts of the Company was £290k (2013 - £547k).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**25. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014	Restated 2013
	£000	£000
Operating (loss)/profit	(925)	2,151
Amortisation of intangible fixed assets	2,573	1,534
Depreciation of tangible fixed assets	1,498	1,174
Loss on disposal of tangible fixed assets	-	39
Decrease/(increase) in work in progress	381	(208)
Decrease in debtors	3,420	1,590
Decrease in creditors	(6,530)	(1,580)
Non cash movements	336	125
Increase/(decrease) in cash held on behalf of third parties	1,250	(150)
Impairment of short term investments	-	531
<b>Net cash inflow from operating activities</b>	<b>2,003</b>	<b>5,206</b>

**26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014	Restated 2013
	£000	£000
<b>Returns on investments and servicing of finance</b>		
Interest received	121	334
Interest paid	(853)	(1,665)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(732)</b>	<b>(1,331)</b>

	2014	Restated 2013
	£000	£000
<b>Taxation</b>		
Corporation tax	(2,383)	(799)

	2014	2013
	£000	£000
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(10,335)	(2,035)
Purchase of tangible fixed assets	(2,028)	(2,054)
Sale of tangible fixed assets	748	345
<b>Net cash outflow from capital expenditure</b>	<b>(11,615)</b>	<b>(3,744)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2014**
**26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2014 £000	2013 £000
<b>Acquisitions and disposals</b>		
Payment to acquire subsidiary minority interest	(1,280)	-
	2014 £000	Restated 2013 £000
<b>Financing</b>		
Issue of ordinary shares	-	1
Premium on issue of ordinary shares	1,280	2,633
Repayment of loans	(5,432)	(7,798)
Repayment of other loans	(9,597)	(292)
(Repayment of)/new finance leases	(601)	543
Funding from parent company	32,758	-
<b>Net cash inflow/(outflow) from financing</b>	<b>18,408</b>	<b>(4,913)</b>

**27. ANALYSIS OF CHANGES IN NET DEBT**

	1 June 2013 £000	Cash flow £000	Other non-cash changes £000	30 June 2014 £000
Cash at bank and in hand	9,159	(460)	-	8,699
Bank overdraft	(6,763)	4,861	-	(1,902)
	<u>2,396</u>	<u>4,401</u>	<u>-</u>	<u>6,797</u>
<b>Debt:</b>				
Finance leases	(659)	601	-	(58)
Debts due within one year	(15,106)	15,105	-	(1)
Debts falling due after more than one year	-	(76)	-	(76)
<b>Net (debt)/funds</b>	<u>(13,369)</u>	<u>20,031</u>	<u>-</u>	<u>6,662</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

### 28. OPERATING LEASE COMMITMENTS

At 30 June 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	30 June 2014 £000	31 May 2013 £000
<b>Group</b>		
<b>Expiry date:</b>		
Within 1 year	294	776
Between 2 and 5 years	948	347
After more than 5 years	61	181
	<u>          </u>	<u>          </u>

### 29. POST BALANCE SHEET EVENTS

Post year end the Group sold its investment in Senergy AS.

The Group acquired the remaining ownership in SAE Inc.

### 30. RELATED PARTY TRANSACTIONS

#### Control

Throughout the year the group was controlled by the directors.

#### Transactions

The company has taken advantage of the exemption given by paragraph 3(c) of Financial Reporting Standard Number 8 which allows exemption from disclosure of related party transactions with other wholly owned group companies.

Related party	Transaction	£	Balance at year end £
Lloyds Register Group Limited, an intermediate parent company	Loan	1,500,000	(1,500,000)
LR Senergy Limited, an intermediate parent company	Loan	31,258,294	(31,258,294)

### 31. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Subsequent to the year end the directors recognise LR Senergy Limited, a company registered in England to be the ultimate holding company.