

Registered number: SC483951

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**RIGMAR GROUP (HOLDINGS)
LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

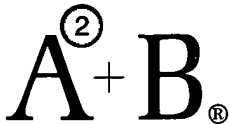


RIGMAR GROUP (HOLDINGS) LIMITED

COMPANY INFORMATION



Directors	J A Wilson K W Nelson M J Fleming (resigned 11 June 2018)
Company secretary	Burness Paull LLP
Registered number	SC483951
Registered office	Union Plaza (6th Floor) 1 Union Wynd Aberdeen AB10 1DQ
Independent auditor	Anderson Anderson & Brown Audit LLP Kingshill View Prime Four Business Park Kingswells Aberdeen AB15 8PU



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Introduction

Rigmar Group (Holdings) Limited ("the group") was incorporated on 8 August 2014 with the aim of providing market leading technical services for marine operations and asset integrity. The Group has continued to extend its offering of technical services across assets classes and geographies focusing on extending the asset life and operational uptime of clients' assets.

Business review

The Group's financial performance is reflective of an improvement in oil and gas market activity and a diversification in to new markets while also sustaining a cost base to allow for an increase in activity as is being experienced in 2019.

The directors are confident in the Group's strategic focus on technical services with actions being taken during the course of the year to ensure the Group remained competitive within the low oil price environment and is now able to take advantage of increased demand as a result of the continuing increase in the oil price during 2018 and expected into 2019:

- a) **Operational Efficiencies:** the implementation of a new ERP system in 2016 has enabled the Group to continue to maintain a high level of control with an increased volume of work.
- b) **Integrated Services:** The Group continues to package integrated services to offer innovative and integrated technical solutions to clients.
- c) **Balance Sheet Restructuring:** The majority shareholder acquired the Group's external secured debt and invested capital to allow it to realise the growth opportunities in 2019.

The directors are of the opinion that the Group is both highly competitive in the oil and gas sector and in other industrial sectors. The Group has already seen a significant increase in activity during 2019 winning a flagship civils and windfarm contract.

Principal risks and uncertainties

The key business risk and uncertainties affecting the company are considered to relate to competition from similar business and activity levels within the oil and gas sector.

Financial key performance indicators

The directors monitor turnover, gross profit and operating profit as financial key performance indicators. In the period under review these were as follows:

Turnover - £16.5m (2017 - £13.4m)
Gross Profit - £4.17m (2017 - £3.89m)
Gross Profit Margin – 25.3% (2017 - 29.1%)
EBITDA excluding exceptional costs - £(35.8)k (2017 - £(400)k)

The group will continue to monitor performance against these metrics going forward.

Other key performance indicators

Operational key performance indicators are billable man hours, asset utilisation and tender volumes. The directors believe that these combined with the key financial performance indicators provide sufficient information with which to assess performance.

RIGMAR GROUP (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018



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

A handwritten signature in black ink, appearing to read 'K W Nelson', written over a dotted line.

K W Nelson
Director

Date: 17.09.2019

RIGMAR GROUP (HOLDINGS) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**



The directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The loss for the year, after taxation, amounted to £2,916,786 (2017 - loss £3,235,884).

Directors

The directors who served during the year were:

J A Wilson
K W Nelson
M J Fleming (resigned 11 June 2018)

Future developments

While the market for offshore oil and gas activity will remain challenged, it is the directors' impression that 2019 and 2020 will be pivotal for the industry with oil companies taking advantage of strengthened balance sheets and low unit costs to conduct incremental projects (workovers, infill drilling, step-out wells). The Group has already witnessed an increase in inquiries, tenders and awards, and with the actions taken in 2016, the Group is well placed to extend its market share delivering cost effective yet profitable technical services, while also continuing its diversification in to other sectors.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the 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 auditor is aware of that information.

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.

Auditor

The auditor, Anderson Anderson & Brown Audit 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.

K W Nelson
Director

Date: 17.09.2019

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Opinion

We have audited the financial statements of Rigmar Group (Holdings) Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of comprehensive income, the Group and company Statements of financial position, the Group Statement of cash flows, the Group and company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 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 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We also draw attention to note 3 in the financial statements which indicates that the budgeted EBITDA for the group underpins the goodwill impairment assessment. If EBITDA does not grow as budgeted then goodwill will be overstated. Consequently a material uncertainty exists that may cast doubt on the carrying value of goodwill in the financial statements. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
RIGMAR GROUP (HOLDINGS) LIMITED (CONTINUED)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anderson Anderson & Brown Audit LLP

John Black (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown Audit LLP

Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

Date: *17 SEPTEMBER 2019*

RIGMAR GROUP (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018



	Note	2018 £	2017 £
Turnover	4	16,586,149	13,381,172
Cost of sales		(11,900,040)	(9,487,412)
Gross profit		<u>4,686,109</u>	<u>3,893,760</u>
Administrative expenses		(6,615,034)	(6,160,976)
Exceptional administrative expenses		(62,754)	(515,760)
Operating loss	5	<u>(1,991,679)</u>	<u>(2,782,976)</u>
Interest payable and expenses	9	(925,107)	(369,618)
Loss before taxation		<u>(2,916,786)</u>	<u>(3,152,594)</u>
Tax on loss	10	-	(83,290)
Loss for the financial year		<u><u>(2,916,786)</u></u>	<u><u>(3,235,884)</u></u>

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 13 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	8,564,675	10,067,129
Tangible assets	14	608,659	724,293
		<u>9,173,334</u>	<u>10,791,422</u>
Current assets			
Debtors: amounts falling due within one year	16	6,652,268	4,920,368
Cash at bank and in hand	17	119,266	306,093
		<u>6,771,534</u>	<u>5,226,461</u>
Creditors: amounts falling due within one year	18	(5,712,012)	(3,436,452)
Net current assets		<u>1,059,522</u>	<u>1,790,009</u>
Total assets less current liabilities		<u>10,232,856</u>	<u>12,581,431</u>
Creditors: amounts falling due after more than one year	19	(11,018,720)	(10,601,345)
Provisions for liabilities			
Other provisions	23	-	(291,511)
		<u>-</u>	<u>(291,511)</u>
Net (liabilities)/assets		<u>(785,864)</u>	<u>1,688,575</u>
Capital and reserves			
Called up share capital	24	20,098	19,656
Share premium account		17,068,774	16,626,869
Profit and loss account		(17,874,736)	(14,957,950)
		<u>(785,864)</u>	<u>1,688,575</u>

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



K W Nelson
Director

Date: 17.09.2019

The notes on pages 13 to 35 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	15	10,963,690	10,963,690
		<u>10,963,690</u>	<u>10,963,690</u>
Current assets			
Debtors: amounts falling due after more than one year	16	8,638,784	7,717,103
Debtors: amounts falling due within one year	16	2,961	2,961
		<u>8,641,745</u>	<u>7,720,064</u>
Creditors: amounts falling due within one year	18	(426,423)	(87,089)
Net current assets		<u>8,215,322</u>	<u>7,632,975</u>
Total assets less current liabilities		<u>19,179,012</u>	<u>18,596,665</u>
Creditors: amounts falling due after more than one year	19	(1,525,000)	(1,525,000)
Net assets		<u><u>17,654,012</u></u>	<u><u>17,071,665</u></u>
Capital and reserves			
Called up share capital	24	20,098	19,656
Share premium account		17,068,774	16,626,869
Profit and loss account		565,140	425,140
		<u><u>17,654,012</u></u>	<u><u>17,071,665</u></u>

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



K W Nelson
Director

Date: 17.09.2019

The notes on pages 13 to 35 form part of these financial statements.

RIGMAR GROUP (HOLDINGS) LIMITED



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2017	19,656	16,626,869	(11,722,066)	4,924,459
Comprehensive income for the year				
Loss for the year	-	-	(3,235,884)	(3,235,884)
At 1 January 2018	19,656	16,626,869	(14,957,950)	1,688,575
Comprehensive income for the year				
Loss for the year	-	-	(2,916,786)	(2,916,786)
Shares issued during the year	442	441,905	-	442,347
At 31 December 2018	20,098	17,068,774	(17,874,736)	(785,864)

The notes on pages 13 to 35 form part of these financial statements.

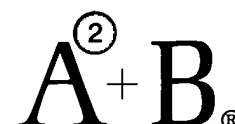
**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2017	19,656	16,626,869	285,140	16,931,665
Profit for the year	-	-	140,000	140,000
At 1 January 2018	19,656	16,626,869	425,140	17,071,665
Profit for the year	-	-	140,000	140,000
Shares issued during the year	442	441,905	-	442,347
At 31 December 2018	20,098	17,068,774	565,140	17,654,012

The notes on pages 13 to 35 form part of these financial statements.

RIGMAR GROUP (HOLDINGS) LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**



	2018 £	2017 £
Cash flows from operating activities		
Loss for the financial year	(2,916,786)	(3,235,884)
Adjustments for:		
Amortisation of intangible assets	1,502,454	1,502,454
Depreciation of tangible assets	315,266	391,697
Loss on disposal of tangible assets	-	(37,961)
Interest paid	925,110	369,618
Taxation charge	-	83,290
(Increase) in debtors	(1,731,499)	(2,204,416)
Increase in creditors	2,775,563	176,959
(Decrease)/increase in provisions	(291,511)	291,511
Corporation tax (paid)/received	(401)	158,533
Net cash generated from operating activities	<u>578,196</u>	<u>(2,504,199)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(199,635)	(64,144)
Sale of tangible fixed assets	-	2,738,536
Net cash from investing activities	<u>(199,635)</u>	<u>2,674,392</u>
Cash flows from financing activities		
Issue of ordinary shares	442,347	-
Repayment of loans	(182,625)	(123,654)
Loan notes issued	100,000	225,000
Interest paid	(925,110)	(369,618)
Net cash used in financing activities	<u>(565,388)</u>	<u>(268,272)</u>
Net (decrease) in cash and cash equivalents	<u>(186,827)</u>	<u>(98,079)</u>
Cash and cash equivalents at beginning of year	306,093	404,172
Cash and cash equivalents at the end of year	<u><u>119,266</u></u>	<u><u>306,093</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	119,266	306,093
	<u><u>119,266</u></u>	<u><u>306,093</u></u>

The notes on pages 13 to 35 form part of these financial statements.

1. General information

Rigmar Group (Holdings) Limited is a company incorporated in Scotland. The registered office is Union Plaza, 6th Floor, 1 Union Wynd, Aberdeen, Aberdeenshire, AB10 1DQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 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. Accounting policies (continued)

2.4 Revenue

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

Rendering of services

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

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

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 the 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.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life of ten years.

2.6 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)**2.6 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Land & buildings	- 1% on cost
Short-term leasehold property	- 20% on cost
Plant and machinery	- 10 - 33% on cost
Motor vehicles	- 50% on cost
Fixtures and fittings	- 20% - 50% on cost
Office equipment	- 50% on cost

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

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

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Consumable supplies ("consumables"), in the form of material or supplies to be consumed in the rendering of services, are expensed to income as and when they are purchased. Such supplies have no resale value and are used, for no consideration, by the company in the rendering of services. Such consumables are used in the rendering of services when they are acquired and are not recognised as stocks as they are not used for more than one accounting period.

When such consumables are held and expected to provide future economic benefits they are recognised as stocks and valued at the lower of cost and realisable value.

2.9 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.

2.10 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)**2.11 Financial instruments**

The Group 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 Consolidated 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 Consolidated 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 Group 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.

2. Accounting policies (continued)

2.12 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.

2.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

2.14 Finance costs

Finance costs are charged to the Consolidated 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.

2.15 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated 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 Group in independently administered funds.

The group contributes to a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

2.17 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated statement of comprehensive income in the year that the Group 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)

2.19 Taxation

Tax is recognised in the Consolidated 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 and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.20 Exceptional items

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

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

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

Taxation

The group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions are based on various factors, such as experience with previous tax authorities and differing interpretations of tax regulations by the company and the tax authority.

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

Operating lease commitments

The group has entered into commercial property leases and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of financial position.

Impairment of debtors

The group makes an assessment of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider various factors including the ageing profile of debtors and historical experience. See Note 16 for the net carrying amount of the debtors and associated impairment provisions.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the useful economic lives and residual values of the assets. Useful lives and residual values are reassessed annually. They are assessed where necessary to reflect current estimates based on economic utilisation and physical condition.

Carrying value of goodwill

The group assesses annually whether goodwill has been impaired. Management assess the carrying value of goodwill using a number of factors including the trading performance of the company's which generated the goodwill on acquisition and the company's future cash flow projections discounted appropriately. One of the key assumptions which underpins this assessment is the group achieving EBITDA of £0.38m in 2019 and £1.69m in 2020. See note 2.3 for management's judgement on the uncertainty of these assumptions and note 12 for the net carrying amount of goodwill and associated impairment provisions.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Provision of engineering works	11,141,615	7,110,037
Provision of marine consultancy and offshore services	4,423,056	4,750,514
Provision of fabrication works	1,021,478	1,520,621
	<u>16,586,149</u>	<u>13,381,172</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	11,760,251	9,188,811
Rest of Europe	2,231,587	2,162,468
Rest of the world	2,594,311	2,029,893
	<u>16,586,149</u>	<u>13,381,172</u>

5. Operating loss

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

	2018 £	2017 £
Depreciation of tangible fixed assets	315,269	391,697
Amortisation of goodwill	1,502,454	1,502,454
Exchange differences	40,409	(132)
Operating lease rentals	175,593	476,124
Defined contribution pension cost	84,536	84,536
	<u>2,118,261</u>	<u>3,365,338</u>

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	<u>40,000</u>	<u>40,000</u>

RIGMAR GROUP (HOLDINGS) LIMITED



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

7. Employees

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	3,396,488	3,852,831	-	-
Social security costs	392,700	439,467	-	-
Cost of defined contribution scheme	84,536	92,394	-	-
	<u>3,873,724</u>	<u>4,384,692</u>	<u>-</u>	<u>-</u>

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

	2018 No.	2017 No.
Management	2	5
Administration	39	16
Engineering, onshore and mooring	14	99
Towmaster	6	6
	<u>61</u>	<u>126</u>

8. Directors' and key management remuneration

	2018 £	2017 £
Directors' emoluments	282,911	278,229
Company contributions to defined contribution pension schemes	35,194	33,522
	<u>318,105</u>	<u>311,751</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £112,324 (2017 - £111,351).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £635 (2017 - £352).

RIGMAR GROUP (HOLDINGS) LIMITED



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

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	685,775	276,558
Other loan interest payable	239,332	93,060
	<u>925,107</u>	<u>369,618</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Adjustments in respect of previous periods	-	83,290
	<u>-</u>	<u>83,290</u>
Total current tax	<u>-</u>	<u>83,290</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>83,290</u>

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

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	(2,916,786)	(3,152,594)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(554,189)	(606,874)
Effects of:		
Expenses not deductible for tax purposes	303,905	343,729
Other permanent differences	-	(1,015)
Fixed asset differences	6,503	25,538
Foreign tax credits	-	5,540
Adjustments to tax charge in respect of prior periods	-	77,750
Other timing differences leading to an increase (decrease) in taxation	20,272	-
Deferred tax not recognised	199,981	208,009
Adjustments to deferred tax rates	23,528	30,613
Total tax charge for the year	-	83,290

11. Exceptional items

	2018 £	2017 £
Redundancy costs	-	4,927
Exceptional legal fees	16,289	99,812
Settlement of claims	63,030	112,800
Other exceptional items	-	6,710
Costs associated with start up of overseas subsidiaries	(16,565)	291,511
	62,754	515,760

12. Intangible assets**Group**

	Goodwill £
Cost	
At 1 January 2018	15,024,541
At 31 December 2018	<u>15,024,541</u>
Amortisation	
At 1 January 2018	4,957,412
Charge for the year	1,502,454
At 31 December 2018	<u>6,459,866</u>
Net book value	
At 31 December 2018	<u>8,564,675</u>
At 31 December 2017	<u>10,067,129</u>

13. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £140,000 (2017 - £140,000).

RIGMAR GROUP (HOLDINGS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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14. Tangible fixed assets

Group

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 January 2018	206,006	1,839,443	20,717	295,488	839,949	3,201,603
Additions	4,872	156,295	-	-	38,468	199,635
At 31 December 2018	210,878	1,995,738	20,717	295,488	878,417	3,401,238
Depreciation						
At 1 January 2018	121,630	1,333,855	20,717	252,236	748,872	2,477,310
Charge for the year on owned assets	41,932	192,302	-	20,144	60,891	315,269
At 31 December 2018	163,562	1,526,157	20,717	272,380	809,763	2,792,579
Net book value						
At 31 December 2018	47,316	469,581	-	23,108	68,654	608,659
At 31 December 2017	84,376	505,588	-	43,252	91,077	724,293

15. Fixed asset investments

Company

Investments
in subsidiary
companies
£

Cost or valuation

At 1 January 2018

10,963,690

At 31 December 2018

10,963,690

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Lionel Midco Limited	Holding company	Ordinary	100%
Lionel Bidco Limited	Management company	Ordinary	100%
Rigmar Services Limited	Supply of engineering works and non-destructive testing on oil rigs and civil engineering projects	Ordinary	100%
Interocean Marine Services Limited	Marine consultancy and offshore services to the worldwide oil and gas renewables market	Ordinary	100%
Rigmar Fabrication Limited	In liquidation	Ordinary	100%
Interocean Marine Services (Canada) Incorporated	Marine consultancy and offshore services to the worldwide oil and gas renewables market	Ordinary	100%
Rigmar Middle East Oil Field Services L.L.C	Marine consultancy and offshore services to the worldwide oil and gas renewables market	Ordinary	100%

All investments are held via Lionel Midco Limited.

15. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Lionel Midco Limited	10,963,690	-
Lionel Bidco Limited	7,057,331	-
Rigmar Services Limited	(9,614,085)	(1,401,945)
Interocean Marine Services Limited	4,117,166	(45,647)
Rigmar Fabrication Limited	(1,322,466)	-
Interocean Marine Services (Canada) Incorporated	(297,027)	(106,696)
Rigmar Middle East Oil Field Services L.L.C	(19,572)	11,517

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

16. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due after more than one year				
Amounts owed by group undertakings	-	-	8,638,784	7,717,103
	<u>-</u>	<u>-</u>	<u>8,638,784</u>	<u>7,717,103</u>

The amounts owed by group undertakings relate to unsecured intercompany loan notes. Interest is charged at 5% per annum. The loan notes are repayable at par on 31 December 2021. The loan note holders can request repayment at certain specified dates prior to 31 December 2021. These loan notes are subject to an inter creditor agreement between the loan lender and group companies, the terms of which prevent any repayment of loan notes if such payment would constitute a breach in terms of the inter creditor agreement.

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due within one year				
Trade debtors	3,620,370	2,071,026	-	-
Other debtors	1,820,829	1,726,959	2,961	2,961
Prepayments and accrued income	1,211,069	1,122,383	-	-
	<u>6,652,268</u>	<u>4,920,368</u>	<u>2,961</u>	<u>2,961</u>

17. Cash and cash equivalents

	Group 2018 £	Group 2017 £
Cash at bank and in hand	119,266	306,093
	<u>119,266</u>	<u>306,093</u>

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

18. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	-	600,000	-	-
Other loans	100,000	-	100,000	-
Trade creditors	2,395,688	871,417	-	-
Other taxation and social security	442,517	346,718	-	-
Obligations under finance lease and hire purchase contracts	22,464	22,464	-	-
Other creditors	994,522	410,477	-	-
Accruals and deferred income	1,756,821	1,185,376	326,423	87,089
	<u>5,712,012</u>	<u>3,436,452</u>	<u>426,423</u>	<u>87,089</u>

19. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loans	6,693,721	6,276,346	-	-
Other loans	4,324,999	4,324,999	1,525,000	1,525,000
	<u>11,018,720</u>	<u>10,601,345</u>	<u>1,525,000</u>	<u>1,525,000</u>

Loan A of £3m is repayable in quarterly instalments commencing March 2019 until 30 November 2021. Interest is charged at Libor plus 3.75% per annum.

The other loan facility (Loan B) of £3.9m, is repayable in full on 30 November 2021. Interest is charged at Libor plus 3% per annum.

Both loans are secured by a bond and floating charge over all assets of the company.

Included in other loans are unsecured loan notes of £2.5m and £299k which are due to be repaid by 31 December 2021. The loan note holders are entitled to demand payment on certain specified dates prior to 31 December 2021 but any such payment request will not be made if it constitutes a breach of the inter creditor agreement between the company and its lender. Interest is charged on these loan notes at 5% per annum.

£1,525,000 of convertible 6.5% fixed rate secured loan notes, which are included in other loans, were issued during 2016 and 2017 and are repayable on 31 December 2021.

20. Loans

Analysis of the maturity of loans is given below:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts falling due within one year				
Bank loans	-	600,000	-	-
Other loans	100,000	-	100,000	-
	<u>100,000</u>	<u>600,000</u>	<u>100,000</u>	<u>-</u>
Amounts falling due 1-2 years				
Bank loans	2,100,000	700,000	-	-
	<u>2,100,000</u>	<u>700,000</u>	<u>-</u>	<u>-</u>
Amounts falling due 2-5 years				
Bank loans	4,593,721	5,576,346	-	-
Other loans	4,324,999	4,324,999	1,525,000	1,525,000
	<u>8,918,720</u>	<u>9,901,345</u>	<u>1,525,000</u>	<u>1,525,000</u>
	<u>11,118,720</u>	<u>11,201,345</u>	<u>1,625,000</u>	<u>1,525,000</u>

The repayment profile at 31 December 2018 reflects the terms of the post year end restructure of debt. See note 29.

21. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets measured at fair value through profit or loss	119,266	306,093	-	-
Financial assets that are debt instruments measured at amortised cost	6,557,694	4,763,922	8,641,745	7,720,064
	<u>6,676,960</u>	<u>5,070,015</u>	<u>8,641,745</u>	<u>7,720,064</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(16,265,751)	(13,668,615)	(1,951,423)	(1,612,089)

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

Financial assets that are measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, other creditors, amounts owed by group undertakings and bank overdrafts.

22. Deferred taxation

Tax losses are available to carry forward. The deferred tax asset on these losses has not been recognised due to uncertainty over its future recoverability.

23. Provisions**Group**

	Onerous Lease £
At 1 January 2018	291,511
Charged to profit or loss	(291,511)
At 31 December 2018	<u>-</u>

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

24. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
10,964 (2017 - 10,964) A Ordinary shares of £1.00 each	10,964	10,964
2,680 (2017 - 2,680) B Ordinary shares of £1.00 each	2,680	2,680
550 (2017 - 550) D Ordinary shares of £1.00 each	550	550
1,718 (2017 - 1,718) M1 shares of £1.00 each	1,718	1,718
743 (2017 - 743) M2 shares of £1.00 each	743	743
3,443 (2017 - 3,001) Preferred shares of £1.00 each	3,443	3,001
	<hr/>	<hr/>
	20,098	19,656
	<hr/>	<hr/>

All ordinary shares rank pari passu and have full voting, dividend and capital distribution (including on winding up) rights. There is no right of redemption.

The preferred shares rank pari passu with the ordinary shares on full voting and dividend rights. There is no right of redemption. On winding up of the company, these shares have a priority right up to the amount paid up.

The M2 shares have no dividend or voting rights. The shares may be redeemed within 90 days of issue otherwise there is no right of redemption. A return of capital (including on winding up) can occur if the total proceeds exceed the M2 Hurdle Rate.

The M1 shares have no dividend, voting or redemption rights. A return of capital (including on winding up) can occur if the total proceeds exceed the M1 Hurdle Rate.

25. Pension commitments

The group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £84,536 (2017 - £80,464). Contributions of £nil (2017 - £44,789) were payable to the fund at the period end and are included in creditors.

26. Securities

The company has provided a cross guarantee to Lionel Midco Limited, Lionel Bidco Limited, Rigmar Services 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.

27. Commitments under operating leases

At 31 December 2018 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	234,000	507,500
Later than 1 year and not later than 5 years	747,000	1,015,771
Later than 5 years	68,250	302,250
Total	1,049,250	1,825,521

The company had no commitments under the non-cancellable operating leases as at the reporting date.

28. 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 disclosure of related party transactions with other group companies.

Related party	Transaction	£	Balance at year end £
Array Training Limited, A company with common directors	Purchases	(8,317)	67,590
Leemoss Limited, A company in which K Nelson is a director	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	(206,788) 31,611	(111,938)
Keith Nelson, Director	Loan	-	79,073

29. 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.

30. Controlling party

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