

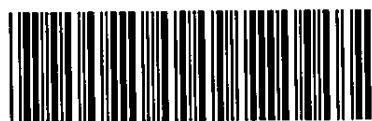
Company Registration No. SC 332747

Atlas Energy Group Limited

Report and financial statements

For the year ended 30 September 2012

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Atlas Energy Group Limited

Report and financial statements 2012

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Atlas Energy Group Limited

Officers and professional advisers

Directors

I Armitage
J A Clark
J McCann
R Morgan
H Van Der Vossen
J Rowley
K Short

Secretary

J McCann

Registered office

Offshore House
Claymore Drive
Science & Energy Park
Bridge of Don
Aberdeen
AB23 8GD

Banker

Lloyds TSB Scotland
1st Floor, Corporate Banking
4/5 Union Terrace
Aberdeen
AB10 1NJ

Solicitor

Dickson Minto W.S.
16 Charlotte Square
Edinburgh
EH2 4DF

Independent Auditor

Deloitte LLP
Aberdeen, UK

Atlas Energy Group Limited

Directors' report

The directors present their report on the affairs of the group, together with the financial statements and auditor's report, for the year ended 30 September 2012.

Principal activities

The principal activity of the parent company is to act as a holding company.

Atlas is one of the leading providers of learning technologies to the oil and gas industry, with one of the largest portfolios of e-learning content, covering health, safety, environment and technical subjects.

The group's revenues are predominately delivered through the licensing of its off-the shelf library of over 230 courses and the development of bespoke customized courses for its energy sector clients. The group delivers its services in over 30 countries and has a global client base of over 200 companies, including International Oil Companies such as BP, Chevron, ConocoPhillips, Exxon, Shell and Total; National Oil Companies such as ADNOC and Qatar Petroleum and Service companies such as Amec and Schlumberger.

Atlas operates in a large global Oil and Gas training market, estimated at £4 billion per year (industry reports and company data), where an increasing share of budgets are from learning technology and e-learning solutions. The group has identified the following favourable medium and long term trends to support its growth plans:

- Regulatory driven demand for HSE training;
- Increased global learning and development spends;
- Increased market share of e-learning services;
- Employment growth and skill shortages;
- International footprint of operators and increasing requirement for national training;
- Increased requirement for technical qualifications and apprenticeships; and
- Increased demand for skilled workers has increased churn rates as workers move internationally to maximise benefits.

Results and business review

The loss for the financial year amounted to £2,097,886 (2011: £2,712,806).

Revenue increased by 18% to £8.6 million. Content licence sales increased by 11%, benefitting from increased sales to existing clients and over 25 new client acquisitions. Bespoke sales increased by 78%, largely as a result of two large multi-year bespoke training and competency contracts with major IOCs in the USA and Asia Pacific (to build over 120 courses in the year and a series of induction multi-media courses) and booked £2.7 million in sales in the year.

Sales from International Oil Companies increased by 78%.

Gross profit increased by 18%. Gross margins held at 56% - the same as the previous year.

Atlas Energy Group Limited

Directors' report (continued)

Results and business review (continued)

EBITDA increased by 52% to £2,199,935(2011: £1,445,138). EBITDA margins increased to 26% from 20% in 2011.

An operating profit of £340,115 was reported in the year (2011: operating loss £588,555), resulting from increased sales, constant margins and a decrease in administration expenses mainly due to lower depreciation and amortization charges

Going Concern

The company is the parent of a group that is financed through a combination of bank term loans, shareholder loan notes and equity share capital, in addition to the cash flow that the group generates from its principal trading activities. The group's bank term loans are structured to amortise over a series of repayments through to 30 September 2015 and 30 November 2015. They are subject to a number of financial covenants, measured quarterly, that are linked to the underlying trading performance and cash flow generation of the group.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is able to operate within the conditions of the financial covenants attaching to its revised bank term loan facilities. The directors, therefore, have a reasonable expectation that the group and the company have adequate financial resources to continue in operational existence for the foreseeable future. For these reason, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The group's activities expose it to the financial risks of changes in foreign currency exchange rates. The group does not consider it efficient to hedge its exposure to changes in foreign currency exchange rates.

Credit risk

The group's principal financial assets are bank balances and trade debtors. The group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments the group manages its cash flow professionally. Cash flow is reviewed by the board each month as reporting is an integral part of the monthly board pack.

Atlas Energy Group Limited

Directors' report (continued)

Dividends

The directors do not propose a dividend (2011: £nil).

Directors

The directors, who served during the year and to the date of this report, were as follows:

I Armitage
J A Clark
J McCann
R Morgan
H Van Der Vossen
J Rowley
K Short (appointed 16 November 2012)
A Inrie (resigned 26 September 2012)

Political and charitable contributions

During the period the group made charitable contributions of £2,798 (2011: £2,161) and no political contributions (2011: £nil).

Auditor

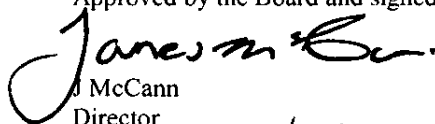
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:


J McCann
Director

31/01/2013

Atlas Energy Group Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Atlas Energy Group Limited

We have audited the financial statements of Atlas Energy Group Limited for the year ended 30 September 2012 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement, the notes to the group cash flow statement and the related notes 1 to 22. 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 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.

Respective responsibilities of directors and auditor

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 annual report to identify material inconsistencies with the audited financial statements. 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 September 2012 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.

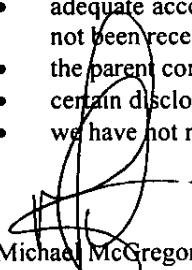
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.



Michael McGregor ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom
31 January 2013

Atlas Energy Group Limited

Group profit and loss account For the year ended 30 September 2012

	Note	2012 £	2011 £
Turnover	2	8,567,832	7,281,216
Cost of sales		(3,739,065)	(3,174,018)
Gross profit		4,828,767	4,107,198
Administrative expenses		(4,438,346)	(4,704,592)
Other operating income		(50,306)	8,839
Operating profit/(loss)	3	340,115	(588,555)
Interest payable and similar charges	5	(2,215,556)	(2,104,859)
Loss on ordinary activities before taxation		(1,875,441)	(2,693,414)
Tax on loss on ordinary activities	6	(222,445)	(19,392)
Loss for the financial year	16	(2,097,886)	(2,712,806)

All of the company's activities in the current and prior year relate to continuing operations.

There are no gains and losses other than the results as shown above. Accordingly no statement of total recognised gains and losses is presented.

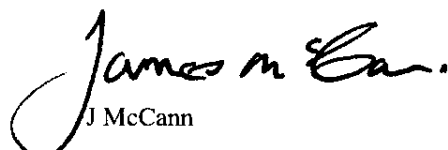
Atlas Energy Group Limited

Group balance sheet As at 30 September 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	8		247,892		338,209
Goodwill	8		9,656,578		11,266,008
Tangible assets	9		1,392,815		1,440,062
			<u>11,297,285</u>		<u>13,044,279</u>
Current assets					
Debtors	11		1,762,207		1,578,791
Cash at bank and in hand			1,332,299		854,578
			<u>3,094,506</u>		<u>2,433,369</u>
Creditors: amounts falling due within one year	12		(2,523,582)		(8,194,061)
Net current assets/(liabilities)			<u>570,924</u>		<u>(5,760,692)</u>
Total assets less current liabilities			11,868,209		7,283,587
Creditors: amounts falling due after more than one year					
Bank loans	13	5,027,572		-	
		<u>5,027,572</u>	<u>(5,027,572)</u>	<u>-</u>	<u>-</u>
Total net assets employed			<u>6,840,637</u>		<u>7,283,587</u>
Financed by					
Loan notes	13	19,029,253	19,029,253	17,366,817	17,366,817
		<u>24,056,825</u>		<u>17,366,817</u>	
Capital and reserves					
Called-up share capital	15		950,250		947,750
Capital redemption reserve	16		251,750		251,750
Own shares	16		(10,000)		-
Profit and loss account	16		(13,380,616)		(11,282,730)
Total financing			<u>6,840,637</u>		<u>7,283,587</u>

The financial statements of Atlas Energy Group Limited, registered number SC332747, were approved by the board of directors and authorised for issue on 31/01/2013.

They were signed on its behalf by:


J McCann
Director

Atlas Energy Group Limited

Company balance sheet As at 30 September 2012

	Note	2012 £	2011 £
Fixed assets			
Investment in subsidiary undertakings	10	920,000	920,000
Current assets			
Debtors	11	2,026,500	2,029,000
Cash at bank and in hand		51,746	55,250
		2,078,246	2,084,250
Creditors: amounts falling due within one year	12	(1,805,407)	(1,803,908)
Net current assets		272,839	280,342
Total assets less current liabilities		1,192,839	1,200,342
Net assets		1,192,839	1,200,342
Capital and reserves			
Called-up share capital	15	950,250	947,750
Capital Redemption Reserve	16	251,750	251,750
Own shares	16	(10,000)	-
Profit and loss account	16	839	842
Shareholders' funds		1,192,839	1,200,342

The financial statements of Atlas Energy Group Limited, registered number SC332747, were approved by the board of directors and authorised for issue on 31/01/2013.

They were signed on its behalf by:


J McCann
Director

Atlas Energy Group Limited

Group cash flow statement For the year ended 30 September 2012

	Note	2012 £	2011 £
Net cash inflow from operating activities	(i)	2,046,204	1,620,163
Returns on investments and servicing of finance	(ii)	(524,122)	(564,809)
Taxation	(ii)	(24,035)	(182,351)
Capital expenditure	(ii)	(112,826)	(476,652)
Cash inflow before financing		1,385,221	396,351
Financing	(ii)	(907,500)	(700,000)
Increase/(Decrease) in cash in the year	(iii), (iv)	477,721	(303,649)

Atlas Energy Group Limited

Notes to the group cash flow statement For the year ended 30 September 2012

(i) Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2012 £	2011 £
Operating profit/(loss)	340,115	(588,555)
Depreciation and amortisation	1,859,820	2,033,693
Increase in debtors	(183,416)	(41,611)
Increase in creditors	29,685	216,636
Net cash inflow from operating activities	<u>2,046,204</u>	<u>1,620,163</u>

(ii) Analysis of cash flows

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest paid	<u>(524,122)</u>	<u>(564,809)</u>

	2012 £	2011 £
Taxation		
UK corporation tax paid	(24,035)	(211,946)
Foreign tax refund	-	29,595
	<u>(24,035)</u>	<u>(182,351)</u>

	2012 £	2011 £
Capital expenditure		
Purchase of tangible and intangible fixed assets	(90,268)	(138,026)
Payments made for development of intangible assets	(22,558)	(338,626)
	<u>(112,826)</u>	<u>(476,652)</u>

Atlas Energy Group Limited

Notes to the group cash flow statement (continued) For the year ended 30 September 2012

(ii) Analysis of cash flows (continued)

	2012 £	2011 £
Financing		
Issue of ordinary share capital	2,500	10,000
Redemption of ordinary share capital	-	(10,000)
Purchase of own shares	(10,000)	
Repayment of borrowings	(900,000)	(700,000)
	<u>(907,500)</u>	<u>(700,000)</u>

(iii) Analysis and reconciliation of net debt

	30 September 2011 £	Cash flow £	Other non-cash changes £	30 September 2012 £
Cash at bank and in hand	854,578	477,721	-	1,332,299
Debt due within 1 year	(6,905,424)	900,000	4,998,574	(1,006,850)
Debt due after more than 1 year	(17,366,817)	-	(6,690,008)	(24,056,825)
	<u>(24,272,241)</u>	<u>900,000</u>	<u>1,691,434</u>	<u>(25,063,675)</u>
Net debt	<u>(23,417,663)</u>	<u>1,377,721</u>	<u>1,691,434</u>	<u>(23,731,376)</u>

(iv) Reconciliation of net cash flow to movement in net debt

	2012 £	2011 £
Increase/(decrease) in cash in the period	477,721	(303,649)
Cash outflow from decrease in borrowings	900,000	700,000
Change in net debt resulting from cash flows	<u>1,377,721</u>	<u>396,351</u>
Amortisation of debt issue cost	(142,979)	(148,506)
Interest accrued	<u>(1,548,455)</u>	<u>(1,391,544)</u>
Movement in net debt in period	(313,713)	(1,143,699)
Net debt at 1 October	<u>(23,417,663)</u>	<u>(22,273,964)</u>
Net debt at 30 September	<u>(23,731,376)</u>	<u>(23,417,663)</u>

Atlas Energy Group Limited

Notes to the financial statements For the year ended 30 September 2012

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding periods.

Basis of accounting

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 September each year. The results of subsidiaries acquired or sold are consolidated for the period from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Going concern

Details of the Atlas Energy Group funding position are set out in the directors' report.

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, which is 10 years. Provision is made for any impairment.

Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the group is expected to benefit. This period is between eighteen and thirty-six months. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life, as follows:

Buildings	2% per annum
Computer equipment	33⅓% per annum
Office equipment	15% per annum
Motor vehicles	33% per annum
Property improvements	10% per annum

Residual value is calculated on prices prevailing at the date of acquisition.

Investments in subsidiary undertakings

In the company balance sheet, investments in subsidiaries are stated at cost less provision for impairment.

Atlas Energy Group Limited

Notes to the financial statements (continued) **For the year ended 30 September 2012**

1. Accounting policies (continued)

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Pension costs

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

UK corporation 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Bank borrowings and loan notes

Interest-bearing loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

1. Accounting policies (continued)

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting new interest payable over the periods of the contracts.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

2. Turnover

In the period to 30 September 2012, 57% (2011: 42%) of the group's turnover was to markets outside the United Kingdom.

No further segmental analysis of turnover is provided as the directors believe this could be prejudicial to the best interests of the group.

3. Operating profit/(loss)

Operating profit/(loss) is stated after (crediting)/charging:

	2012 £	2011 £
Amortisation of intangible fixed assets	1,722,305	1,878,085
Depreciation of tangible fixed assets – owned	137,515	155,608
Operating lease rentals – other	42,625	42,625
Loss/(gain) on foreign currency exchange	50,306	(9,562)

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

3. Operating profit/(loss) (continued)

	2012 £	2011 £
Fees payable to the company's auditor for:		
The audit of the company's annual accounts	2000	2,000
Other services, including the audit of company subsidiaries pursuant to legislation		
	25,500	20,000
Total audit fees	27,500	22,000
Tax services	18,500	16,250
Total non-audit fees	18,500	16,250
Total	46,000	38,250

The audit fee of Atlas Energy Group Limited has been borne by a fellow group company in both the current year and preceding year.

4. Information regarding directors and employees

	2012 £	2011 £
Directors' remuneration		
Emoluments	670,000	670,000
Company contributions to money purchase schemes	19,800	19,800
	689,800	689,800
Attributable to the highest paid director		
Emoluments	180,000	180,000
Contributions to money purchase schemes	19,800	19,800
	199,800	199,800
The number of directors who are members of money purchase schemes	1	1

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

4. Information regarding directors and employees (continued)

	2012 £	2011 £
Staff costs during the year (including directors)		
Wages and salaries	3,278,412	2,914,765
Social security costs	338,887	286,370
Other pension costs (note 19)	80,874	67,556
	<u>3,698,173</u>	<u>3,268,691</u>
	2012 No.	2011 No.
Average number of persons employed by the company (including directors):		
Operations	49	45
Sales	8	9
Administration	18	10
	<u>75</u>	<u>64</u>

5. Interest payable and similar charges

	2012 £	2011 £
Bank loans and overdraft	398,397	535,637
Interest payable on loan notes	1,548,456	1,391,544
Bank charges for renegotiation of the banking facilities	110,000	-
Bank charges	15,723	29,172
Amortisation of issue costs	142,980	148,506
	<u>2,215,556</u>	<u>2,104,859</u>

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

6. Tax on loss on ordinary activities

The tax charge comprises:

	2012 £	2011 £
Current tax		
UK corporation tax	222,445	20,711
Adjustment in respect of prior years	-	(1,319)
Total current tax charge	<u>222,445</u>	<u>19,392</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2012 £	2011 £
Loss on ordinary activities before tax	<u>(1,875,441)</u>	<u>(2,693,414)</u>
Tax on loss on ordinary activities at standard UK corporation tax rate of 25% (2011: 27%)	(468,860)	(727,222)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	698,155	755,410
Capital allowances in excess of depreciation	(6,361)	(16,867)
Movement in short term timing differences	2,497	13,961
Effects of marginal relief	-	(4,571)
Prior period adjustments	-	(1,319)
Transfer pricing adjustments	(2,986)	-
Group current tax charge for the year	<u>222,445</u>	<u>19,392</u>

A deferred tax asset amounting to £196,112 (2011: £217,851) for accelerated capital allowances of £300 (2011: £6,035), short term timing differences of £27,545 (2011: £28,265) and losses carried forward of £168,867 (2011: £183,551) has not been recognised in accordance with the accounting policy.

The UK Government announced on 21 March 2012 a lower UK Corporate Tax rate of 24% which comes into effect on 1 April 2012. Further rate reductions have been announced for 2013 and 2014 to 23% and 22% respectively. These rates changes will affect the size of the Company's balance sheet deferred tax assets and liabilities in the future.

7. Profit attributable to the company

The loss for the financial period dealt with in the financial statements of the parent company was £3 (2011: loss £12). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

8. Intangible fixed assets

	Development cost £	Goodwill £	Total £
Group Cost			
1 October 2011	550,562	19,668,424	20,218,986
Additions	22,558	-	22,558
At 30 September 2012	573,120	19,668,424	20,241,544
Amortisation			
1 October 2011	212,353	8,402,416	8,614,769
Charge during period	112,875	1,609,430	1,722,305
At 30 September 2012	325,228	10,011,846	10,337,074
Net book value			
At 30 September 2012	247,892	9,656,578	9,904,470
At 30 September 2011	338,209	11,266,008	11,604,217

9. Tangible fixed assets

	Buildings £	Computer equipment £	Office equipment £	Motor vehicles £	Property improve- ments £	Total £
Group Cost						
1 October 2011	1,183,843	1,216,586	135,464	15,318	207,320	2,758,531
Additions	-	78,113	5,703	-	6,452	90,268
At 30 September 2012	1,183,843	1,294,699	141,167	15,318	213,772	2,848,799
Depreciation						
1 October 2011	102,488	1,044,355	93,617	15,318	62,691	1,318,469
Charge for the year	23,677	81,333	11,651	-	20,854	137,515
At 30 September 2012	126,165	1,125,688	105,268	15,318	83,545	1,455,984
Net book value						
At 30 September 2012	1,057,678	169,011	35,899	-	130,227	1,392,815
At 30 September 2011	1,081,355	172,231	41,847	-	144,629	1,440,062

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

10. Investments

	2012 £	2011 £
Company		
Subsidiary undertakings	920,000	920,000

The company has investments in the following subsidiary undertakings:

Subsidiary undertakings	Country of incorporation/ registration	Principal activity	Holding
Atlas Energy Holdings Limited	Scotland	Holding company	100%
Atlas Energy Investment Limited ⁽¹⁾	Scotland	Holding company	100%
Petroleum Limited ⁽²⁾	Scotland	Holding company	100%
Atlas Interactive Limited ⁽³⁾	England	E-learning	100%

(1) Shares held by Atlas Energy Holdings Limited

(2) Shares held by Atlas Energy Investment Limited

(3) Shares held by Petroleum Limited

11. Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Trade debtors	1,648,732	1,388,057	-	-
Amounts due by group undertakings	-	-	2,016,500	2,016,500
Prepayments and accrued income	102,379	95,475	-	-
Other debtors	11,096	95,259	10,000	12,500
	<u>1,762,207</u>	<u>1,578,791</u>	<u>2,026,500</u>	<u>2,029,000</u>

Other than £10,000 in 2011 all amounts are due within one year. Included within other debtors is £10,000 (2011: £10,000) due from a director (note 21).

12. Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loans (note 14)	1,006,850	6,905,424	-	-
Trade creditors	421,080	385,142	-	-
Amounts owed to group undertakings	-	-	1,805,407	1,801,408
Corporation tax	221,622	23,212	-	2,500
Other taxation and social security	205,570	256,967	-	-
Other creditors	42,322	67,176	-	-
Accruals and deferred income	626,138	556,140	-	-
	<u>2,523,582</u>	<u>8,194,061</u>	<u>1,805,407</u>	<u>1,803,908</u>

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

13. Creditors: amounts falling due after more than one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loans (note 14)	5,027,572	-	-	-
Loan notes (note 14)	19,029,253	17,366,817	-	-
	<u>24,056,825</u>	<u>17,366,817</u>	<u>-</u>	<u>-</u>

14. Borrowings

Borrowings are repayable as follows:

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Bank loans				
Within one year	1,032,000	7,000,000	-	-
Between one and two years	1,032,000	-	-	-
Between two and five years	1,036,000	-	-	-
After five years	3,000,000	-	-	-
	<u>6,100,000</u>	<u>7,000,000</u>	<u>-</u>	<u>-</u>
Less debt issue costs	(65,578)	(94,576)	-	-
	<u>6,034,422</u>	<u>6,905,424</u>	<u>-</u>	<u>-</u>
Loan notes				
Between two and five years	1,760,000	-	-	-
After five years	17,755,538	17,967,083	-	-
Less debt issue costs	(486,285)	(600,266)	-	-
	<u>19,029,253</u>	<u>17,366,817</u>	<u>-</u>	<u>-</u>
Total borrowings				
Within one year	1,032,000	7,000,000	-	-
Between one and two years	1,032,000	-	-	-
Between two and five years	2,796,000	-	-	-
After five years	20,755,538	17,967,083	-	-
	<u>25,615,538</u>	<u>24,967,083</u>	<u>-</u>	<u>-</u>
Less debt issue costs	(551,863)	(694,842)	-	-
	<u>25,063,675</u>	<u>24,272,241</u>	<u>-</u>	<u>-</u>

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

14. Borrowings (continued)

Particulars of borrowings

Bank loans

The group has two principal bank loans:

- (a) Facility A loan of £6,250,000. The loan was advanced on 28 November 2007. Quarterly repayments commenced on 31 December 2008 and will continue until 30 September 2015. During the year ended 30 September 2010 an amendment to the facility was negotiated. The amendment resulted in an uplift in the applied interest to 4% above LIBOR, previously 2.25% above LIBOR. The company has entered into a SWAP agreement to pay LIBOR on this loan at a maximum rate of 2.085%. During the year ended 30 September 2012 an amendment to the facility resulted in a change to the repayment schedule with the final payment date remaining the 30 September 2015.
- (b) Facility B loan of £5,000,000. The loan was advanced on 28 November 2007. The loan is due for repayment in full on 30 November 2015. During the year ended 30 September 2010 an amendment to the facility was negotiated. This amendment resulted in a £2,000,000 immediate capital repayment in August 2010 and an uplift in the applied interest to 4.75% above LIBOR, previously 3.00% above LIBOR. The company has entered into a SWAP agreement to pay LIBOR on this loan at a maximum rate of 2.085%. During the year ended 30 September 2012 an amendment to the facility resulted in a change to the repayment schedule with the final payment date remaining the 30 November 2015.

The bank borrowings are secured by a standard bond and floating charge.

The group defaulted on certain banking covenants during the year ended 30 September 2011 and bank borrowings at that date are classified as repayable within one year.

Loan notes

	2012	2011
	£	£
'A' loan notes	1,900,000	1,900,000
'B' loan notes	9,700,000	9,700,000
'C' loan notes	1,760,000	1,760,000
Rolled-up loan note interest	6,155,538	4,607,083
Less: unamortised issue costs	(486,285)	(600,266)
	<u>19,029,253</u>	<u>17,366,817</u>

The 'A' loan notes are held by certain former directors and the 'B' and 'C' loan notes are held by Hg Pooled Management Limited on behalf of investment clients.

The 'A' and 'B' loan notes were advanced on 28 November 2007. The loan notes will be redeemed in full at par on 28 November 2017. Other than £900,000 loan stock designated as non interest bearing, until 2 August 2010 the loan notes carried fixed interest rates at 10% per annum, subsequent to this date the interest rate was reduced to 7% per annum. Interest accrued is added to the carrying amount of the loan notes and will be payable only upon the redemption of the loan notes to which such interest relates.

The 'C' loan notes were advanced on 2 August 2010. These loan notes will be redeemed in full at par on 28 November 2016. These loan notes carry a fixed interest rate of 22.7% per annum.

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

15. Called-up share capital

	2012 £	2011 £
Group and company		
Called-up, allotted and fully paid:		
8,700,000 Ordinary shares of £0.10 each	870,000	870,000
802,500 (2011: 777,500) "A" Ordinary shares of £0.10 each	80,250	77,750
	<u>950,250</u>	<u>947,750</u>

The "A" Ordinary shares carry no right to attend any general meeting of the company or vote in any circumstances at any general meeting of the company.

During the year 25,000 "A" ordinary shares of £0.10 each were issued at par.

16. Reserves

	Profit and loss account £	Capital redemption reserve £	Own shares £
Group			
At 1 October 2011	(11,282,730)	251,750	-
Loss for the financial period	(2,097,886)	-	-
Purchase of own shares	-	-	(10,000)
	<u>(13,380,616)</u>	<u>251,750</u>	<u>(10,000)</u>
At 30 September 2012			
	<u>(13,380,616)</u>	<u>251,750</u>	<u>(10,000)</u>
Company			
At 1 October 2011	842	251,750	-
Loss for the financial period	(3)	-	-
Purchase of own shares	-	-	(10,000)
	<u>839</u>	<u>251,750</u>	<u>(10,000)</u>
At 30 September 2012			
	<u>839</u>	<u>251,750</u>	<u>(10,000)</u>

The reserve for 'own shares' arises in connection with the Employee Share Ownership Plan (ESOP) trust, a discretionary trust established to facilitate the operation of the Group's long-term incentive scheme for senior management. The amount of the reserve represents the deduction in arriving at shareholders' funds for the consideration paid for the Company's shares purchased by the trust which had not vested unconditionally in employees at the balance sheet date.

The number of the ordinary shares held by the ESOP trust at 30 September 2012 was 100,000, these were purchased for £10,000 which was deemed to be the fair value. None of these shares were under option to employees or had been conditionally gifted to them at the balance sheet date.

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

17. Reconciliation of movements in group shareholders' deficit

	2012 £	2011 £
Loss for the financial period	(2,097,886)	(2,712,806)
New shares issued	2,500	10,000
Shares redeemed at par	-	(10,000)
Own Shares	(10,000)	-
Net increase in shareholders' deficit	(2,105,386)	(2,712,806)
Opening shareholders' deficit	(10,083,230)	(7,370,424)
Closing shareholders' deficit	<u>(12,188,616)</u>	<u>(10,083,230)</u>

18. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2012 £	2011 £
Land and buildings		
Expiry date:		
- within one year	13,500	5,400
- after five years	26,425	26,425
	<u>39,925</u>	<u>31,825</u>

19. Pension arrangements

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £80,874 (2011: £67,556). Contributions totalling £8,882 (2011: £7,416) were payable to the fund at the year end and are included in creditors.

Atlas Energy Group Limited

Notes to the financial statements (continued) For the year ended 30 September 2012

20. Derivatives not included at fair value

The group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings.

At 30 September, the group held the following derivative instruments which were not included at fair value in the financial statements:

Interest rate swap contracts	Principal		Rate fixed	Expiry	Fair value	
	2012	2011			2012	2011
	£	£			£	£
UK Sterling	3,000,000	3,500,000	2.085%	28 March 2015	(61,851)	(75,313)

21. Related party transactions

An unsecured, interest free loan of £10,000 (2011: £10,000), repayable on the earlier of termination of employment or disposal of shareholding in the company, was made to a director during the year ended 30 September 2010. The balance outstanding as at 30 September 2012 was £10,000 (2011: £10,000).

Certain directors of the group have charged £95,000 (2011: £95,000) in respect of services provided to the company, with one receiving a salary of £20,000 (2011: £20,000) in respect of services provided to the company.

The group was charged monitoring fees of £39,164 (2011: £37,691) by HG Pooled Management Limited. HG Pooled Management Limited is a subsidiary of HG Capital LLP, a 70% shareholder in Atlas Energy Group Limited. At 30 September 2012 £nil (2011: £11,750) was due to HG Pooled Management Limited.

The group was charged legal fees of £46,782 (2011: £45,260) by Petroweb Solutions Limited. Petroweb Solutions Limited is a company owned by a director of the company. At 30 September 2012 £16,125 (2011: £18,443) was due to Petroweb Solutions Limited.

22. Parent undertaking

The immediate parent company is Rowan Nominees Limited, a company incorporated in Scotland, and its financial statements are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

Atlas Energy Group Limited is ultimately owned by discretionary investment clients of Hg Capital Pooled Management Limited. The Directors do not consider there to be an ultimate controlling party.