Company Registration No. SC 332747

Atlas Energy Group Limited

Annual report and financial statements

For the year ended 30 September 2014

Atlas Energy Group Limited

Annual report and financial statements for the year ended 30 September 2014

Contents Page

Atlas Energy Group Limited

Officers and professional advisers

Directors

I Armitage
A R Land (appointed 10 October 2014)
J A Clark (resigned 30 June 2014)
R Morgan
H van der Vossen
J Rowley (resigned 5 March 2014)
K Short
G Park

Company Secretary

G Park

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
Chartered Accountants and Statutory Auditor
Aberdeen, UK

Atlas Energy Group Limited

Strategic Report

Principal activities

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

Atlas is one of the leading providers of learning technologies to the oil and gas sector. The business offers a wide range of technology solutions and capability, with one of the largest portfolios of skills and mandatory content including health & safety, environment and technical subjects in the areas of risk, competency and compliance.

The group's revenues are predominately delivered through the licensing of its multi-media courseware of over 230 topics and the development of bespoke customised courses for its energy sector clients. The group delivers its services in over 30 countries in 20 languages and has a global client base of over 200 leading international companies. Atlas had 417,000 learning events in the year representing an increase of 7% (2013: 390,000).

Atlas operates in a large global oil and gas training market, estimated at £4 billion per year (source: industry reports and company data), where an increasing share of budgets are from learning technology, content and 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 expenditure;
- Increasing popularity of e-learning as a medium offering the potential for lower cost services;
- Demand for solutions which require multi-platform delivery capability including mobile;
- Improved learner experience in the delivery of solutions and the integrated management of training across workplace, classroom and online and the analysis of worker and learner data;
- Ongoing skill shortages and changing demographics of an ageing workforce;
- International footprint of operators and increasing requirement for cross border providers and solutions in longer term partnerships;
- Increased requirement for evidence based technical qualifications and apprenticeships; and
- Growing importance of competency and software solutions to meet mandatory skills and legislative compliance.

Results and business review

Revenue decreased by 25% to £6,971,286 (2013: £9,348,141). This reduction in revenue was experienced predominantly in the first half of the financial year and was principally due to two large multi-year bespoke projects coming to a successful completion during the second half of the prior year and new product development projects taking longer to bring to market than planned. Following a change of leadership the second half of the year delivered results more in line with both the prior year and expectations and witnessed a sharp rebound in profitability.
A comparison of EBITDA performance is summarised below:

	2014	**2013**
	£	**£**
Operating loss	(1,221,155)	(199,544)
Amortisation	2,088,048	2,270,366
Depreciation	137,688	161,027
EBITDA	1,004,581	2,231,849
Redundancy & termination costs (note 4)	57,709	264,187
(Gain) / loss on sale of fixed assets	(2,964)	27,041
Adjusted EBITDA	1,059,326	2,523,077

Administrative expenses reduced by £1,179,132 in the year which, coupled with lower cost of sales, ensured the fall in EBITDA was considerably lower than the revenue reduction.

Strategic Report (continued)

Lower capital expenditure and the benefits from refinancing the group's senior debt meant that net cash generation, after debt service costs, at £141,337, was ahead of the prior year (2013: £17,488).

Prospects

The first quarter of the new financial year has seen a marked increase in both revenues and EBITDA compared with the same period in the prior year. The investments made in new products and subscription platforms have started to come on stream and the benefits from the productivity and quality projects within the technology and operational areas have resulted in a lower cost base and greater capacity to take on more work within our existing headcount. Margins have improved accordingly. Higher profitability, sound working capital control and lower capital expenditure, coupled with the revised senior debt repayment profile (note 14), have resulted in cash balances in the business increasing considerably since the year end.

This improved performance is expected to continue for the remainder of the financial year. We have secured three large multi-year contracts during the last six months of the calendar year 2014 and we believe these will contribute significantly to the growth in profitability in the next financial year and beyond.

Going concern

The company is the parent of a group that is financed through a combination of term loans, shareholder loan notes and equity share capital, in addition to the cash flow that it generates from its principal trading activities. The maturity of the group's senior debt, now owned by the shareholders, has been extended by two years and amortises over two repayments through to 30 September 2017 (note 14). It is subject to a cash flow covenant for the next twelve months, measured quarterly, with a further two financial covenants, linked to the underlying trading performance of the group, being included thereafter.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it is able to operate within the conditions of the financial covenants attaching to its senior debt 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 reasons, they continue to adopt the going concern basis in preparing the annual report 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 on-going operations and future developments the company 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.

Approved by the Board of directors and signed on its behalf by:

G Park
Director
30 January 2015

Atlas Energy Group Limited

Directors' Report

The directors present their annual report on the affairs of the group, together with the audited financial statements and auditor's report, for the year ended 30 September 2014.

Dividends

The directors do not propose a dividend (2013: £nil).

Acquisition and Sale of Own Shares

During the year the company purchased 225,000 of its own shares at par value of £22,500 from employees leaving the business in accordance with its Articles of Association. Additionally the company sold 415,000 of its own shares at par value of £41,500 to employees. These transactions resulted in the company's investment decreasing by 190,000 at par value of £19,000.

Directors

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

I Armitage
A R Land (appointed 10 October 2014)
J A Clark (resigned 30 June 2014)
R Morgan
H van der Vossen
J Rowley (resigned 5 March 2014)
K Short
G Park

Company secretary

G Park

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 of directors and signed on its behalf by:

G Park
Director
30 January 2015

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;
- state whether applicable UK Accounting Standards have been followed; subject to any material departures disclosed and explained in the financial statements; 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 2014 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2014 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 Strategic Report and 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
30 January 2015

Atlas Energy Group Limited

Group profit and loss account
For the year ended 30 September 2014

	Note	2014 £	2013 £
Turnover	2	6,971,286	9,348,141
Cost of sales		(3,473,289)	(3,632,575)
Gross profit		3,497,997	5,715,566
Administrative expenses		(4,703,925)	(5,865,411)
Other operating expenses		(15,227)	(49,699)
Operating loss	3	(1,221,155)	(199,544)
Interest payable and similar charges	5	(2,426,114)	(2,203,937)
Loss on ordinary activities before taxation		(3,647,269)	(2,403,481)
Tax on loss on ordinary activities	6	2,184	(204,209)
Loss for the financial year	16	(3,645,085)	(2,607,690)

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 losses 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 2014

	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Intangible assets	8		699,642		864,182
Goodwill	8		5,633,004		7,510,672
Tangible assets	9		1,264,568		1,335,505
			7,597,214		9,710,359
Current assets					
Debtors	11		1,054,046		1,436,021
Cash at bank and in hand			1,491,124		1,643,171
			2,545,170		3,079,192
Creditors: amounts falling due within one year	12		(1,396,531)		(2,745,564)
Net current assets			1,148,639		333,628
Total assets less current liabilities			8,745,853		10,043,987
Creditors: amounts falling due after more than one year					
Senior debt	13	4,288,875		4,016,674	
		4,288,875	(4,288,875)	4,016,674	(4,016,674)
Total net assets employed			4,456,978		6,027,313
Financed by					
Loan notes	13	22,920,369	22,920,369	20,864,619	20,864,619
		27,209,244		24,881,293	
Capital and reserves					
Called-up share capital	15		979,750		979,750
Capital redemption reserve	16		251,750		251,750
Own shares	16		(61,500)		(80,500)
Profit and loss account	16		(19,633,391)		(15,988,306)
Total financing			4,456,978		6,027,313

The financial statements of Atlas Energy Group Limited (registered number SC332747) were approved by the board of directors and authorised for issue on 30 January 2015.

They were signed on its behalf by:

G Park

Director

Atlas Energy Group Limited

Company balance sheet
As at 30 September 2014

	Note	2014 £	2013 £
Fixed assets			
Investment in subsidiary undertakings	10	920,000	920,000
Current assets			
Debtors	11	2,087,000	2,016,500
Cash at bank and in hand		32,733	34,946
		2,119,733	2,051,446
Creditors: amounts falling due within one year	12	(1,869,157)	(1,819,657)
Net current assets		250,576	231,789
Total assets less current liabilities		1,170,576	1,151,789
Net assets		1,170,576	1,151,789
Capital and reserves			
Called-up share capital	15	979,750	979,750
Capital redemption reserve	16	251,750	251,750
Own shares	16	(61,500)	(80,500)
Profit and loss account	16	576	789
Shareholders' funds		1,170,576	1,151,789

The financial statements of Atlas Energy Group Limited (registered number SC332747) were approved by the board of directors and authorised for issue on 30 January 2015.

They were signed on its behalf by:

G Park

Director

Atlas Energy Group Limited

Group cash flow statement
For the year ended 30 September 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	(i)	1,385,636	2,645,089
Returns on investments and servicing of finance	(ii)	(329,938)	(403,419)
Taxation	(ii)	(49,734)	(373,664)
Capital expenditure	(ii)	(109,627)	(817,518)
Cash inflow before financing		896,337	1,050,488
Financing	(ii)	(755,000)	(1,033,000)
Increase in cash in the year	(iii), (iv)	141,337	17,488

Atlas Energy Group Limited

Notes to the group cash flow statement
For the year ended 30 September 2014

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

	2014 £	2013 £
Operating loss	(1,221,155)	(199,544)
Depreciation and amortisation	2,225,736	2,431,393
(Gain) / loss on sale of tangible fixed assets	(2,964)	27,041
Decrease in debtors	381,725	316,186
Increase in creditors	2,294	70,013
Net cash inflow from operating activities	1,385,636	2,645,089

(ii) Analysis of cash flows

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest paid	(329,938)	(403,419)

	2014 £	2013 £
Taxation		
UK corporation tax paid	(49,734)	(373,664)

	2014 £	2013 £
Capital expenditure		
Purchase of tangible fixed assets	(66,751)	(135,308)
Payments made for development of intangible assets	(45,840)	(686,760)
Sale of tangible fixed assets	2,964	4,550
	(109,627)	(817,518)

Notes to the group cash flow statement (continued)
For the year ended 30 September 2014

(ii) Analysis of cash flows (continued)

	2014 £	2013 £
Financing		
Issue of ordinary share capital	-	29,500
Net purchase/sale of own shares	19,000	(30,500)
Repayment of borrowings	(774,000)	(1,032,000)
	(755,000)	(1,033,000)

(iii) Analysis and reconciliation of net debt

	1 October 2013 £	Cash flow £	Other non-cash changes £	30 September 2014 £
Cash at bank and in hand	1,643,171	(152,047)	-	1,491,124
Overdraft	(293,384)	293,384	-	-
	1,349,787	141,337	-	1,491,124
Debt due within 1 year	(1,010,900)	774,000	236,900	-
Debt due after more than 1 year	(24,881,293)	-	(2,327,951)	(27,209,244)
	(25,892,193)	774,000	(2,091,051)	(27,209,244)
Net debt	(24,542,406)	915,337	(2,091,051)	(25,718,120)

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

	2014 £	2013 £
Increase in cash in the year	141,337	17,488
Cash outflow from decrease in borrowings	774,000	1,032,000
Change in net debt resulting from cash flows	915,337	1,049,488
Amortisation of debt issue costs	(141,949)	(125,761)
New debt issue costs	5,125	-
Interest accrued	(1,954,227)	(1,734,757)
Movement in net debt in the year	(1,175,714)	(811,030)
Net debt at 1 October	(24,542,406)	(23,731,376)
Net debt at 30 September	(25,718,120)	(24,542,406)

Notes to the financial statements
For the year ended 30 September 2014

1. **Accounting policies**

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

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 Strategic 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. Grants received in respect of capital expenditure are deducted from the cost of the relevant assets. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Grants received in respect of capital expenditure are deducted from the cost of the relevant assets. 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 and software	33⅓% per annum
Office equipment	15% per annum
Motor vehicles	33⅓% per annum
Property improvements	10% per annum

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

Investments in subsidiary undertakings

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

Notes to the financial statements (continued)
For the year ended 30 September 2014

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 amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are 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

Current tax, including 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.

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.

Notes to the financial statements (continued)
For the year ended 30 September 2014

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 year to 30 September 2014, 72% (2013: 51%) 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 loss

Operating loss is stated after charging:

	2014 £	2013 £
Amortisation of intangible fixed assets (note 8)	2,088,048	2,270,366
Depreciation of tangible fixed assets – owned (note 9)	137,688	161,027
Operating lease rentals – other	60,096	42,275
Loss on foreign currency exchange	15,227	49,699
(Gain) / loss on sale of tangible fixed assets	(2,964)	27,041

Amortisation of intangible fixed assets for year ended 30 September 2013 includes an amount of £268,238 which relates to an understatement of the annual goodwill amortisation charge in 2012.

Notes to the financial statements (continued)
For the year ended 30 September 2014

3. Operating profit (continued)

	2014 £	2013 £
Fees payable to the company's auditor for:		
The audit of the company's annual financial statements	2,000	2,000
Other services, including the audit of company subsidiaries pursuant to legislation	31,000	28,300
Total audit fees	33,000	30,300
Tax services	16,000	18,500
Total non-audit fees	16,000	18,500
Total	49,000	48,800

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

	2014 £	2013 £
Directors' remuneration		
Emoluments	768,708	889,654
Company contributions to money purchase schemes	36,807	26,050
	805,515	915,704
Attributable to the highest paid director		
Emoluments	165,000	275,000
Contributions to money purchase schemes	21,507	-
	186,507	275,000
The number of directors who are members of money purchase schemes	2	2

Notes to the financial statements (continued)
For the year ended 30 September 2014

4. Information regarding directors and employees (continued)

	2014 £	2013 £
Staff costs during the year (including directors)		
Wages and salaries	3,315,068	3,806,370
Social security costs	342,876	365,825
Other pension costs (note 19)	114,253	108,285
	3,772,197	4,280,480

In addition to the staff costs noted above £57,709 (2013: £264,187) of redundancy and termination costs were incurred in the year.

	2014 No.	2013 No.
Average number of persons employed by the company (including directors):		
Operations	34	41
Sales	16	12
Administration	24	33
	74	86

5. Interest payable and similar charges

	2014 £	2013 £
Bank loans and overdraft	263,759	325,975
Interest payable on loan notes	1,954,227	1,734,757
Bank charges for renegotiation of the banking facilities	46,000	-
Bank charges	20,179	17,444
Amortisation of debt issue costs	141,949	125,761
	2,426,114	2,203,937

Notes to the financial statements (continued)
For the year ended 30 September 2014

6. Tax on loss on ordinary activities

The tax (credit) / charge comprises:	2014 £	2013 £
Current tax		
UK corporation tax	-	235,332
Adjustment in respect of prior years	(2,184)	(31,123)
Total current tax (credit) / charge	(2,184)	204,209

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:

	2014 £	2013 £
Loss on ordinary activities before taxation	(3,647,269)	(2,403,481)
Tax on loss on ordinary activities at standard UK corporation tax rate of 22% (2013: 23.5%)	(802,301)	(564,818)
Effects of:		
Expenses not deductible for tax purposes	703,632	775,528
Capital allowances in excess of depreciation	(5,647)	1,352
Movement in short term timing differences	18,662	23,270
Prior period adjustments	(2,184)	(31,123)
Taxable credit arising on connected party debt acquisition	61,401	
Transfer pricing adjustments	24,253	-
Group current tax (credit) / charge for the year	(2,184)	204,209

A deferred tax asset amounting to £202,494 (2013: £194,246) for accelerated capital allowances of £2,176 (2013: £956), short term timing differences of £57,829 (2013: £46,449) and losses carried forward of £146,841 (2013: £146,841) has not been recognised in accordance with the accounting policy.

7. Loss attributable to the company

The loss for the financial period dealt with in the financial statements of the parent company was £213 (2013: £50). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

Notes to the financial statements (continued)
For the year ended 30 September 2014

8. Intangible fixed assets

	Development cost £	Goodwill £	Total £
Group			
Cost			
1 October 2013	1,313,870	19,668,424	20,982,294
Additions	45,840	-	45,840
At 30 September 2014	1,359,710	19,668,424	21,028,134
Amortisation			
1 October 2013	449,688	12,157,752	12,607,440
Charge for the year	210,380	1,877,668	2,088,048
At 30 September 2014	660,068	14,035,420	14,695,488
Net book value			
At 30 September 2014	699,642	5,633,004	6,332,646
At 30 September 2013	864,182	7,510,672	8,374,854

9. Tangible fixed assets

	Buildings £	Computer equipment £	Office equipment £	Motor vehicles £	Property improvements £	Total £
Group						
Cost						
1 October 2013	1,183,843	1,380,639	140,792	15,318	206,642	2,927,234
Additions	-	61,642	2,659	-	2,450	66,751
Disposals	-	-	-	(15,318)	-	(15,318)
At 30 September 2014	1,183,843	1,442,281	143,451	-	209,092	2,978,667
Depreciation						
1 October 2013	149,842	1,231,084	111,046	15,318	84,439	1,591,729
Charge for the year	23,675	82,179	10,965	-	20,869	137,688
Disposals	-	-	-	(15,318)	-	(15,318)
At 30 September 2014	173,517	1,313,263	122,011	-	105,308	1,714;099
Net book value						
At 30 September 2014	1,010,326	129,018	21,440	-	103,784	1,264,568
At 30 September 2013	1,034,001	149,555	29,746	-	122,203	1,335,505

Notes to the financial statements (continued)
For the year ended 30 September 2014

10. Investments

	2014 £	2013 £
Company		
Subsidiary undertakings	920,000	920,000

The company has investments in the following subsidiary undertakings:

	Country of incorporation/ registration	Principal activity	Holding
Subsidiary undertakings			
Atlas Energy Holdings Limited	Scotland	Holding company	100%
Atlas Energy Investment Limited(1)	Scotland	Holding company	100%
Petrolearn 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 Petrolearn Limited

11. Debtors

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Trade debtors	839,766	1,369,841	-	-
Amounts owed by group undertakings	-	-	2,016,500	2,016,500
Prepayments and accrued income	190,401	64,084	70,500	-
Corporation tax debtor	-	-	-	-
Other debtors	23,879	2,096	-	-
	1,054,046	1,436,021	2,087,000	2,016,500

12. Creditors: amounts falling due within one year

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Borrowings (note 14)	-	1,010,900	-	-
Bank overdraft	-	293,384	-	-
Trade creditors	311,639	197,465	-	-
Amounts owed to group undertakings	-	-	1,868,657	1,818,157
Corporation tax	249	52,167	-	-
Other taxation and social security	238,299	273,855	-	-
Other creditors	58,094	27,691	-	-
Accruals and deferred income	788,250	890,102	500	1,500
	1,396,531	2,745,564	1,869,157	1,819,657

Notes to the financial statements (continued)
For the year ended 30 September 2014

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

	Group 2014 £	Group 2013 £
Borrowings - (note 14)	4,288,875	4,016,674
Loan notes - (note 14)	22,920,369	20,864,619
	27,209,244	24,881,293

14. Borrowings

Borrowings are repayable as follows:

	Group 2014 £	Group 2013 £
Senior debt		
Within one year	-	1,032,000
Between one and two years	-	1,036,000
Between two and five years	4,294,000	3,000,000
	4,294,000	5,068,000
Less debt issue costs	(5,125)	(40,426)
	4,288,875	5,027,574
Loan notes		
Between two and five years	23,204,522	21,250,295
Less debt issue costs	(284,153)	(385,676)
	22,920,369	20,864,619
Total borrowings		
Within one year	-	1,032,000
Between one and two years	-	1,036,000
Between two and five years	27,498,522	24,250,295
	27,498,522	26,318,295
Less debt issue costs	(289,278)	(426,102)
	27,209,244	25,892,193

Notes to the financial statements (continued)
For the year ended 30 September 2014

14. Borrowings (continued)

Particulars of borrowings

Senior loans

The company refinanced its two principal bank loans on 15 September 2014. This was effected by a transfer of the outstanding debt from Lloyds Bank plc to HGT LP, the majority shareholder in the company. The key details of both facilities are given below:

(a) Facility A loan £1,294,000. This loan is due for repayment in two tranches being £1,000,000 on 30 September 2016 and £294,000 on 30 September 2017. Interest is paid quarterly on the loan at a fixed rate of 10% per annum.

(b) Facility B loan £3,000,000. This loan is due for repayment in full on 30 September 2017. Interest is paid quarterly on the loan at a fixed rate of 10% per annum.

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

The company's previous interest rate swap agreements expired on 28 March 2014.

Loan notes

	2014	2013
	£	£
'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	9,844,522	7,890,295
Less: unamortised issue costs	(284,153)	(385,676)
	22,920,369	20,864,619

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.

Notes to the financial statements (continued)
For the year ended 30 September 2014

15. Called-up share capital

Group and company	2014 £	2013 £
Called-up, allotted and fully paid:		
8,000,000 (2013: 8,000,000) Ordinary shares of £0.10 each	800,000	800,000
1,797,500 (2013: 1,797,500) "A" Ordinary shares of £0.10 each	179,750	179,750
	979,750	979,750

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.

16. Reserves

	Profit and loss account £	Capital redemption reserve £	Own shares £
Group			
At 1 October 2013	(15,988,306)	251,750	(80,500)
Loss for the financial year	(3,645,085)	-	-
Net purchase/sale of own shares	-	-	19,000
At 30 September 2014	(19,633,391)	251,750	(61,500)

	Profit and loss account £	Capital redemption reserve £	Own shares £
Company			
At 1 October 2013	789	251,750	(80,500)
Loss for the financial year	(213)	-	-
Net purchase/sale of own shares	-	-	19,000
At 30 September 2014	576	251,750	(61,500)

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.

During the year the company purchased 225,000 of its own shares at par value of £22,500 from employees leaving the business in accordance with its Articles of Association. Additionally the company sold 415,000 of its own shares at par value of £41,500 to employees. These transactions resulted in the company's investment decreasing by 190,000 at par value of £19,000.

The number of "A" ordinary shares held by the ESOP trust at 30 September 2014 was 615,000 (2013: 805,000). No payment for the purchase of shares was outstanding at the year end (2013: £30,000 outstanding for the purchase of 300,000 shares). None of these shares were under option to employees or had been conditionally gifted to them at the balance sheet date.

Notes to the financial statements (continued)
For the year ended 30 September 2014

17. Reconciliation of movements in group shareholders' deficit

	2014 £	2013 £
Loss for the financial year	(3,645,085)	(2,607,690)
New shares issued	-	29,500
Own shares	19,000	(70,500)
Net increase in shareholders' deficit	(3,626,085)	(2,648,690)
Opening shareholders' deficit	(14,837,306)	(12,188,616)
Closing shareholders' deficit	(18,463,391)	(14,837,306)

18. Financial commitments

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

Land and buildings	2014 £	2013 £
Expiry date:		
- within one year	11,000	6,000
- after five years	35,000	26,425
	46,000	32,425

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 represents contributions payable by the company to the fund and amounted to £114,253 (2013: £108,285). Contributions totalling £12,908 (2013: £17,354) were payable to the fund at the year end and are included in creditors.

Notes to the financial statements (continued)
For the year ended 30 September 2014

20. Derivatives not included at fair value

On 28 March 2014 the company's interest rate swap contracts expired. These had been used to manage its exposure to interest rate movements on bank borrowings. No further swap contracts were entered into after this time and interest on the company's senior debt is now at a fixed rate (note 14).

Details of the previous swap contracts are:

Principal £2,500,000, fixed at 2.085% expired on 28 March 2014 and had a fair value of £(18,985) as at 30 September 2013.

21. Related party transactions

Certain directors of the group have charged £147,375 (2013: £97,000) in respect of services provided to the company, with one receiving a salary of £20,000 (2013: £20,000).

The group was charged monitoring fees of £36,910 (2013: £44,608) by HG Pooled Management Limited. HG Pooled Management Limited is a subsidiary of HG Capital LLP, the majority shareholder in the company. At 30 September 2014 £nil (2013: £nil) was due to HG Pooled Management Limited.

The group was charged legal fees of £15,870 (2013: £60,071) by Petroweb Solutions Limited, a company owned by a director of the company, of which £nil (2013: £16,815) was outstanding at the year end.

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.