

Registered number: SC125513



SENERGY (GB) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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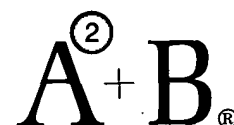
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COMPANIES HOUSE

SENERGY (GB) LIMITED



COMPANY INFORMATION

Directors

D J Mitchell
N M Campbell (resigned 30 September 2015)
J McCallum (resigned 1 July 2016)
A Buchanan (appointed 1 July 2016)
P Edwards (appointed 1 July 2016)
A Pearce (appointed 1 July 2016, resigned 1 July 2016)

Company secretary

G Megginson

Registered number

SC125513

Registered office

7 Bon Accord Square
Aberdeen
AB11 6DJ

Independent auditors

Anderson Anderson & Brown LLP
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU



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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

Introduction

The directors present their strategic report for the year ended 30 June 2016.

Principal Activity

The principal activity of the company is the provision of engineering and consultancy services to the oil and gas industry.

Business review

The company has had a challenging trading year in all its activities with volume and pricing being driven by customers reduced spending due to the uncertainty associated with a sustained period of low oil prices.

The directors are confident that the future prospects of the company are good. There are signs that the market conditions are starting to improve due to an increase in the price of oil which has stabilised at a level which should allow an increase in investment in the oil and gas industry, and therefore the directors expect the performance of the business to improve.

Principal risks and uncertainties

The business faces risk due to the uncertainty associated with a sustained period of low oil prices. This risk is successfully managed through systematic and thorough analysis of market and opportunities, tracking of pipeline and business development activity, and active management of cost base.

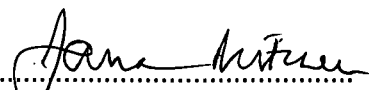
Financial key performance indicators

The directors consider the key financial indicators to be turnover, gross profit and profit after tax whilst it also monitors the utilisation of its personnel.

For the period ended 30 June 2016, the company generated £3,163,819 (2015 - £3,401,933 gross profit) in gross losses on £17,010,237 (2015 - £27,384,344) in turnover.

Loss on ordinary activities before taxation was £8,899,063 (2015 - £6,062,279) or -52% (2015 - 22%) of turnover in the period ended 30 June 2016.

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


.....
D J Mitchell
Director

Date: 9th February 2017

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

The directors present their report and the financial statements for the year ended 30 June 2016.

Results and dividends

The loss for the year, after taxation, amounted to £7,200,489 (2015 - loss £6,388,547).

No dividends have been paid during the year (2015 - £4,793,184).

Directors

The directors who served during the year were:

D J Mitchell
N M Campbell (resigned 30 September 2015)
J McCallum (resigned 1 July 2016)

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are 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's auditors are aware of that information.

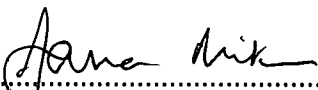
Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Anderson Anderson & Brown 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.


.....
D J Mitchell
Director

Date: 9th February 2017

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 for the company 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 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF SENERGY (GB) LIMITED

We have audited the financial statements of Senergy (GB) Limited for the year ended 30 June 2016, set out on pages 6 to 25. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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 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 Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its 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 and the directors' report has been prepared in accordance with applicable legal requirements.

SENERGY (GB) LIMITED



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SENERGY (GB) LIMITED**

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Anderson Anderson & Brown LLP

Derek Mair (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown LLP

Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

Date: *9 February 2017*

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2016**

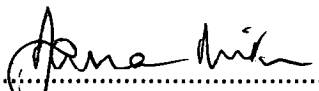
	Note	2016 £	2015 £
Turnover	4	17,010,237	27,384,344
Cost of sales		(20,174,056)	(23,982,411)
Gross (loss)/profit		(3,163,819)	3,401,933
Administrative expenses		(5,715,459)	(8,506,900)
Other exceptional items		-	(1,343,971)
Operating loss	5	(8,879,278)	(6,448,938)
Income from fixed assets investments		-	410,000
Interest receivable and similar income	10	802	12
Interest payable and expenses	11	(20,587)	(23,353)
Loss before tax		(8,899,063)	(6,062,279)
Tax on loss	12	1,698,574	(326,268)
Loss for the year		(7,200,489)	(6,388,547)

There was no other comprehensive income for 2016 (2015:£NIL).

**BALANCE SHEET
AS AT 30 JUNE 2016**

	Note	2016 £	2015 £
Intangible assets		131,394	-
Tangible assets	16	1,097,052	1,299,129
Investments	17	2,527	2,527
		<u>1,230,973</u>	<u>1,301,656</u>
Current assets			
Debtors: amounts falling due within one year	18	13,284,248	103,343,047
Cash at bank and in hand	19	1,027,933	778,869
		<u>14,312,181</u>	<u>104,121,916</u>
Creditors: amounts falling due within one year	20	(8,125,022)	(90,804,951)
Net current assets		<u>6,187,159</u>	<u>13,316,965</u>
Total assets less current liabilities		<u>7,418,132</u>	<u>14,618,621</u>
Net assets		<u><u>7,418,132</u></u>	<u><u>14,618,621</u></u>
Capital and reserves			
Called up share capital	22	19,469	19,469
Share premium account		62,014	62,014
Capital redemption reserve		10,238	10,238
Profit and loss account		7,326,411	14,526,900
		<u>7,418,132</u>	<u>14,618,621</u>

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


D J Mitchell
Director

9th February 2017
The notes on pages 9 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2015	19,469	62,014	10,238	14,526,900	14,618,621
Comprehensive income for the year					
Loss for the year	-	-	-	(7,200,489)	(7,200,489)
At 30 June 2016	19,469	62,014	10,238	7,326,411	7,418,132

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2014	19,469	62,014	10,238	25,708,631	25,800,352
Comprehensive income for the year					
Loss for the year	-	-	-	(6,388,547)	(6,388,547)
Total comprehensive income for the year	-	-	-	(6,388,547)	(6,388,547)
Dividends: Equity capital	-	-	-	(4,793,184)	(4,793,184)
At 30 June 2015	19,469	62,014	10,238	14,526,900	14,618,621

The notes on pages 9 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

1. General information

Senergy (GB) Limited is a limited liability company incorporated in Scotland. The registered office is 7 Bon Accord Square, Aberdeen, AB11 6DJ.

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.

Information on the impact of first-time adoption of FRS 102 is given in note 27.

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

The following principal accounting policies have been applied:

2.2 FRS 102 exemptions

The company satisfies the criteria of being a qualifying company as defined in FRS 102 section 1.12. Its financial statements are consolidated into the financial statements of LR Senergy Limited, which can be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- a) No cash flow statement has been presented for the company.
- b) Disclosures in respect of financial instruments have not been presented.
- c) Disclosures in respect of related party transactions with fellow group companies have not been presented.

2.3 Going concern

The directors have made due and careful enquiry and after preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a 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 a going concern basis of accounting in preparing the annual financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016****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 company 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 company 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.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets relate to intellectual property and have a finite life of 3 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016****2. Accounting policies (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:

Freehold property	- 2% straight line
Fixtures & fittings	- 20-25% straight line
Computer equipment	- 33% straight line
Other fixed assets	- 25% straight line

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

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

2.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, whose market value can be reliably determined; are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.11 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, 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 payables or receivables, 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 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.

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 Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016****2. Accounting policies (continued)****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 Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'administrative expenses'. All other foreign exchange gains and losses are presented in the Profit and loss account.

2.14 Finance costs

Finance costs are charged to the Profit and loss account 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 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.16 Pensions**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016****2. Accounting policies (continued)****2.17 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

2.18 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change 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 balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

2.20 Exceptional items

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016****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 Balance Sheet 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

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.

Impairment of debtors

The Company 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.

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.

Operating lease commitments

The Company has entered into commercial property leases. The classification of such leases as operating or finance lease requires the Company 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 Balance sheet.

4. Analysis of turnover

No analysis of turnover by geographic region or by class is provided, as the directors believe such an analysis would be prejudicial to the Company's best interests.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**
5. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	264,947	358,634
Amortisation of intangible assets, including goodwill	206,478	-
Exchange differences	(301,808)	(84,370)
Other operating lease rentals	1,511,252	1,225,000
Defined contribution pension cost	831,174	945,180
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2015 - £NIL).

6. Auditors' remuneration

	2016 £	2015 £
Fees payable to the company's auditor for the audit of the company's annual accounts	-	30,000
	<u> </u>	<u> </u>
	-	30,000
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

Auditors' remuneration of £19,000 was borne by another group company in the current year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**
7. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	10,497,393	11,697,243
Social security costs	1,003,874	1,179,386
Cost of defined contribution scheme	831,174	945,180
	<u>12,332,441</u>	<u>13,821,809</u>

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

	2016 No.	2015 No.
Technical	109	134
Management and Administration	16	17
Directors	2	3
	<u>127</u>	<u>154</u>

8. Directors' remuneration

During the year, no director received any emoluments (2015 - £NIL). The directors of this company were paid by other group companies during the year. The directors do not believe it is practical to apportion these amounts between their services as directors of this company and their services as directors of other group companies. The directors' remuneration paid by other group companies to the directors of this company totals £596,144 (2015 - £820,424). The value of the group's contributions paid to defined contribution pension schemes in respect of these directors amounted to £26,452 (2015 - £40,426).

9. Income from investments

	2016 £	2015 £
Income from fixed asset investments	<u>-</u>	<u>(410,000)</u>

10. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>802</u>	<u>12</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

11. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	20,587	23,353

12. Taxation

	2016 £	2015 £
Corporation tax		
Other	39,931	54,126
Adjustments in respect of previous periods	122,590	21,193
	162,521	75,319
Group taxation relief	(1,982,879)	(218,607)
	(1,820,358)	(143,288)
Foreign tax		
Foreign tax on income for the year	205,579	475,354
Foreign tax in respect of prior periods	-	(5,798)
	205,579	469,556
Origination and reversal of timing differences	(152,137)	-
Adjustments in respect of prior periods	75,935	-
Effect of tax rate change on opening balance	(7,593)	-
Taxation on (loss)/profit on ordinary activities	(1,698,574)	326,268

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**
12. Taxation (continued)
Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.75%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>(8,899,063)</u>	<u>(6,062,279)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.75%)	(1,779,813)	(1,257,923)
Effects of:		
Income not taxable for tax purposes	(79,904)	-
Expenses not deductible for tax purposes	19,967	283,303
Fixed asset differences	28,019	48,337
Adjustments to tax charge in respect of prior periods	18,193	15,395
Other tax adjustments, reliefs and transfers	(9,260)	-
Adjust closing deferred tax to average rate of 20.00%	125,584	-
Adjustments to tax charge in respect of previous periods - deferred tax	75,935	-
Deferred tax not recognised	(273,752)	-
Unrelieved tax losses carried forward	-	872,394
RDEC not recoverable	39,931	54,126
R&D expenditure credits	(25,531)	(66,079)
Foreign tax credits	205,579	475,354
Other permanent differences	(41,116)	(98,639)
Receipt for group relief	(1,982,879)	218,607
Group relief surrendered	1,982,879	(218,607)
Transfer pricing adjustments	(2,406)	-
Total tax charge for the year	<u><u>(1,698,574)</u></u>	<u><u>326,268</u></u>

13. Dividends

	2016 £	2015 £
Dividends	<u>-</u>	<u>4,793,184</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

14. Exceptional items

	2016 £	2015 £
Intercompany write off	-	1,343,971

15. Intangible assets

	Patents £
Cost	
Additions	337,872
At 30 June 2016	337,872
Amortisation	
Charge for the year	206,478
At 30 June 2016	206,478
Net book value	
At 30 June 2016	131,394
At 30 June 2015	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

16. Tangible fixed assets

	Freehold property £	Fixtures & fittings £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation					
At 1 July 2015	1,148,315	953,817	1,443,482	36,299	3,581,913
Additions	-	-	62,870	-	62,870
At 30 June 2016	<u>1,148,315</u>	<u>953,817</u>	<u>1,506,352</u>	<u>36,299</u>	<u>3,644,783</u>
Depreciation					
At 1 July 2015	258,584	654,206	1,352,177	17,817	2,282,784
Charge for the period	24,533	133,172	100,964	6,278	264,947
At 30 June 2016	<u>283,117</u>	<u>787,378</u>	<u>1,453,141</u>	<u>24,095</u>	<u>2,547,731</u>
Net book value					
At 30 June 2016	<u>865,198</u>	<u>166,439</u>	<u>53,211</u>	<u>12,204</u>	<u>1,097,052</u>
At 30 June 2015	<u>889,731</u>	<u>299,611</u>	<u>91,305</u>	<u>18,482</u>	<u>1,299,129</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**
17. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2015	2,527
At 30 June 2016	2,527
At 30 June 2016	-
Net book value	
At 30 June 2016	2,527
At 30 June 2015	2,527

18. Debtors

	2016 £	2015 £
Trade debtors	1,491,394	30,986
Amounts owed by group undertakings	2,915,848	95,591,191
Other debtors	1,407,174	1,367,017
Prepayments and accrued income	3,520,954	4,235,571
Tax recoverable	3,865,083	2,118,282
Deferred taxation	83,795	-
	<u>13,284,248</u>	<u>103,343,047</u>

19. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>1,027,933</u>	<u>778,869</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

20. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	538,666	573,505
Amounts owed to group undertakings	1,341,876	85,950,986
Corporation tax	2,002,430	2,002,430
Other taxation and social security	589,232	143,880
Other creditors	2,471,223	1,043,415
Accruals and deferred income	1,181,595	1,090,735
	<u>8,125,022</u>	<u>90,804,951</u>

21. Deferred taxation

	2016 £
Credit to the profit or loss	83,795
At end of year	<u>83,795</u>

The deferred tax asset is made up as follows:

	2016 £
Accelerated capital allowances	83,795
	<u>83,795</u>

22. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
194,690 Ordinary shares of £0.10 each	<u>19,469</u>	<u>19,469</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**
23. Pension commitments

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,432,174 (2015 - £945,180). The creditor outstanding at the year end was £NIL (2015 - £NIL).

24. Commitments under operating leases

At 30 June 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	1,003,369	1,361,501
Later than 1 year and not later than 5 years	406,907	1,311,978
Later than 5 years	37,500	71,250
Total	1,447,776	2,744,729

25. Related party transactions
Control

During the year the company was controlled by the directors.

Transactions

As the company is a wholly owned subsidiary of Senergy Group Limited, it has taken advantage of the exemption within FRS 102, section 33 (Related Party Disclosure) which allows exemption from the disclosure of related party transactions with other group companies.

26. Ultimate controlling party and controlling party

The immediate parent company is Senergy Oil & Gas Limited, a company registered in Scotland.

The ultimate parent company is Lloyd's Register Foundation, a company registered in England.

The largest group in which the results of the company are consolidated is that headed by Lloyd's Register Foundation. The smallest group in which the results of the company are consolidated is that headed by LR Senergy Limited. The financial statements of the LR Senergy Limited are available from its registered office at 71 Fencurch Street, London, EC3M 4ES.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

27. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 July 2014. On transition to FRS 102 the company has adopted the accounting policy set out in note 2.17 regarding holiday pay accruals. The impact of this is set out as follows:

Reconciliation of equity at 1 July 2014

	£
Equity at 1 July 2014 under previous UK GAAP	26,249,169
Holiday pay accrual	(448,817)
Equity shareholders funds at 1 July 2014 under FRS 102	25,800,352

Reconciliation of equity at 30 June 2015

	£
Equity at 30 June 2015 under previous UK GAAP	15,018,140
Holiday pay accrual	(399,519)
Equity shareholders funds at 30 June 2015 under FRS 102	14,618,621

Reconciliation of profit and loss account for the year ended 30 June 2015

	£
Loss for the year under UK GAAP	(6,437,845)
Holiday pay accrual	49,298
Loss for the year ended 30 June 2015 under FRS 102	(6,388,547)