

Company Registration No. SC205751 (Scotland)

Osprey3 Limited
Directors' report and financial statements
for the year ended 30 June 2015

THURSDAY



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COMPANIES HOUSE

Osprey3 Limited

Company information

Directors

A Clark
L Hepburn

Secretary

L Hepburn

Company number

SC205751

Registered office

48 Queens Road
Aberdeen
AB15 4YE

Auditor

Henderson Loggie
The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Osprey3 Limited

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Osprey3 Limited

Strategic report

for the year ended 30 June 2015

The directors present the strategic report and financial statements for the year ended 30 June 2015.

Review of the business

The company has had a positive year in the face of tough trading conditions arising from the global downturn in the price of crude oil which has severely affected both the local and international markets in which the company's products are used. As a result of these challenges turnover for the year has decreased £1.53m to £6.89m, however the company has succeeded in improving its margin from 32.5% to 37.5% over this period. This coupled with a reduction in overheads has seen the company produce an operating profit of £1.51m against £1.54m in the previous year. Taking into account exceptional gains, interest charges and tax, retained profit for the year was £1.46m compared to £1.20m in the prior year.

This encouraging performance has had a positive impact on the balance sheet. Net current assets have increased from £2.45m to £2.99m with net assets falling marginally to £3.65m from £3.69m as a result of a £1.5m dividend being paid up to the parent company.

Overall the results for the year are satisfactory in the view of the directors, especially in light of trading conditions the company was operating under during the year.

Principal risks and uncertainties

The main risk facing the company is one of operating within the oil and gas sector in light of the continued downturn in the price of oil over the last year and subsequent to the year end. While this poses a risk as customers look to cut costs and ultimately put pressure on margins, the company believes it is well placed to adapt to any changes in the landscape in which it operates, with the director's continuing to take appropriate steps to mitigate these risks and ensure the company continues to operate effectively in this challenging climate.

KPI's

Key financial performance indicators include the monitoring of the management of profitability and working capital.

	2015	2014	Measure
Return on capital	49.9%	40.6%	Profit before tax/net assets
Current ratio	1.9:1	1.7:1	Current assets : current liabilities
Creditor days	38	39	Trade Creditors/average purchases

On behalf of the board



A Clark

Director

29 March 2016

Osprey3 Limited

Directors' report

for the year ended 30 June 2015

The directors present their report and financial statements for the year ended 30 June 2015.

Results and dividends

The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £1,500,000. The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 July 2014:

A Clark
L Hepburn

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

Osprey3 Limited

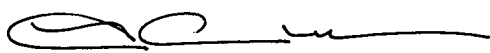
Directors' report (continued)

for the year ended 30 June 2015

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



A Clark

Director

29 March 2016

Osprey3 Limited

Independent auditor's report

to the members of Osprey3 Limited

We have audited the financial statements of Osprey3 Limited for the year ended 30 June 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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. 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 2015 and of its profit 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Osprey3 Limited

Independent auditor's report (continued)

to the members of Osprey3 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.



Ian J Cameron (Senior Statutory Auditor)
for and on behalf of Henderson Loggie

30 March 2016

Chartered Accountants
Statutory Auditor

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Osprey3 Limited**Profit and loss account****for the year ended 30 June 2015**

	Notes	2015 £	2014 £
Turnover	2	6,892,727	8,421,175
Cost of sales		<u>(4,304,683)</u>	<u>(5,678,641)</u>
Gross profit		2,588,044	2,742,534
Administrative expenses		<u>(1,080,303)</u>	<u>(1,204,637)</u>
Operating profit	3	1,507,741	1,537,897
Exceptional items - profit on sale of tangible assets		<u>335,753</u>	-
Profit on ordinary activities before interest		1,843,494	1,537,897
Interest payable and similar charges	6	<u>(20,144)</u>	<u>(40,518)</u>
Profit on ordinary activities before taxation		1,823,350	1,497,379
Tax on profit on ordinary activities	7	<u>(359,859)</u>	<u>(299,098)</u>
Profit for the year	16	<u>1,463,491</u>	<u>1,198,281</u>

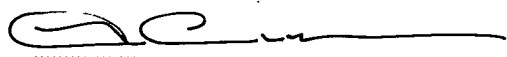
The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Osprey3 Limited**Balance sheet****as at 30 June 2015**

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	9	796,178		1,364,613	
Current assets					
Stocks	10	1,659,489		1,598,201	
Debtors	11	3,318,009		3,468,254	
Cash at bank and in hand		1,338,178		879,509	
		<u>6,315,676</u>		<u>5,945,964</u>	
Creditors: amounts falling due within one year	12	<u>(3,321,687)</u>		<u>(3,495,428)</u>	
Net current assets		<u>2,993,989</u>		<u>2,450,536</u>	
Total assets less current liabilities		<u>3,790,167</u>		<u>3,815,149</u>	
Provisions for liabilities	13				
Deferred tax liability		<u>(136,261)</u>		<u>(124,734)</u>	
		<u>3,653,906</u>		<u>3,690,415</u>	
Capital and reserves					
Called up share capital	15	100		100	
Profit and loss account	16	3,653,806		3,690,315	
Shareholders' funds	17	<u>3,653,906</u>		<u>3,690,415</u>	

Approved by the Board and authorised for issue on 29 March 2016



A Clark
Director

Company Registration No. SC205751

Osprey3 Limited

Notes to the financial statements

for the year ended 30 June 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis. The directors have reviewed the company's current contracts and future orders, and assessed the company's liabilities and risks, and have concluded that the company will continue in operational existence for the foreseeable future. As a result, the directors believe that the going concern basis is appropriate for the preparation of these financial statements.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover and profits

Turnover represents amounts receivable for goods and services net of VAT and trade discounts, except in respect of service contracts where turnover is recognised when the company obtains the right to consideration.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Tenants improvements	20% on cost
Plant and machinery	25% on reducing balance and Straight line over 7 years
Fixtures and fittings	25 on reducing balance and 20% on cost
Motor vehicles	25% on cost

Osprey3 Limited

Notes to the financial statements (continued)

for the year ended 30 June 2015

1 Accounting policies (continued)

1.5 Leasing and hire purchase commitments

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

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

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for slow moving and obsolete items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.7 Revenue recognition

The company records its revenues net of VAT. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been passed to the buyer, usually on despatch of the goods.

1.8 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.9 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Osprey3 Limited

Notes to the financial statements (continued)

for the year ended 30 June 2015

1 Accounting policies (continued)

1.10 Taxation

The tax expense represents the sum of the corporation tax and deferred tax charge for the year.

The tax currently payable is based on taxable profit for the year. The company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases, as used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all temporary timing differences that have not reversed by the balance sheet date and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available. Deferred tax is calculated 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 charged or credited in the profit and loss accounts, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

Osprey3 Limited

Notes to the financial statements (continued)

for the year ended 30 June 2015

3	Operating profit	2015	2014
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	277,813	249,779
	Loss on foreign exchange transactions	69,586	135,833
	Operating lease rentals	216,000	144,000
	and after crediting:		
	Profit on disposal of tangible assets	(408,530)	(49,332)
		<u><u> </u></u>	<u><u> </u></u>

Included in profit on disposal of tangible fixed assets is £335,753 (2014 - £Nil) which is deemed to be exceptional as shown on the face of the profit and loss account.

Auditor's remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	9,975	9,500
Accountancy and tax services	46,299	44,627
	<u><u>56,274</u></u>	<u><u>54,127</u></u>

Osprey3 Limited

Notes to the financial statements (continued)

for the year ended 30 June 2015

4 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 Number	2014 Number
Directors	2	2
Administrative staff	4	6
Production staff	33	20
	<u>39</u>	<u>28</u>

Employment costs

	2015 £	2014 £
Wages and salaries	843,014	764,808
Social security costs	77,609	80,075
Other pension costs	2,400	2,400
	<u>923,023</u>	<u>847,283</u>

5 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	62,936	52,435
Company pension contributions to defined contribution schemes	2,400	2,400
	<u>65,336</u>	<u>54,835</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2014 - 2).

Osprey3 Limited**Notes to the financial statements (continued)****for the year ended 30 June 2015**

6	Interest payable	2015	2014
		£	£
	On bank loans and overdrafts	17,659	35,209
	Hire purchase interest	245	5,309
	On overdue tax	2,240	-
		20,144	40,518

Osprey3 Limited**Notes to the financial statements (continued)****for the year ended 30 June 2015**

7 Taxation	2015	2014
	£	£
Domestic current year tax		
U.K. corporation tax	348,332	277,097
Adjustment for prior years	-	(33,703)
Total current tax	348,332	243,394
Deferred tax		
Origination and reversal of timing differences	22,341	61,707
Effects of changes in tax rates and laws	(5,940)	(6,003)
Deferred tax adjustments arising in previous periods	(4,874)	-
	11,527	55,704
	359,859	299,098
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	1,823,350	1,497,379
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2014 - 21%)	364,670	314,450
Effects of:		
Non deductible expenses	2,617	1,839
Income not taxable	(81,706)	(10,360)
Capital allowances in excess of depreciation	(7,846)	(46,144)
Effect of a change in tax rates	12,601	18,486
Adjustments to previous periods	-	(33,703)
Chargeable disposals	57,996	-
Group relief claimed	-	(1,174)
	(16,338)	(71,056)
Current tax charge for the year	348,332	243,394

Osprey3 Limited

Notes to the financial statements (continued)

for the year ended 30 June 2015

8

Dividends

2015

2014

£

£

Ordinary interim paid

1,500,000

-

9

Tangible fixed assets

Tenants improvements

Plant and machinery

Fixtures and fittings

Motor vehicles

Total

£

£

£

£

£

Cost

At 1 July 2014

86,385

1,666,380

139,962

111,084

2,003,811

Additions

-

339,613

9,797

63,688

413,098

Disposals

-

(789,049)

-

(56,930)

(845,979)

At 30 June 2015

86,385

1,216,944

149,759

117,842

1,570,930

Depreciation

At 1 July 2014

35,599

461,543

81,498

60,558

639,198

On disposals

-

(87,703)

-

(54,556)

(142,259)

Charge for the year

17,279

209,596

21,424

29,514

277,813

At 30 June 2015

52,878

583,436

102,922

35,516

774,752

Net book value

At 30 June 2015

33,507

633,508

46,837

82,326

796,178

At 30 June 2014

50,786

1,204,837

58,464

50,526

1,364,613

Osprey3 Limited**Notes to the financial statements (continued)****for the year ended 30 June 2015****9 Tangible fixed assets (continued)**

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 30 June 2015	-
At 30 June 2014	15,296
Depreciation charge for the year	
At 30 June 2015	-
At 30 June 2014	6,489

10 Stocks and work in progress	2015 £	2014 £
Raw materials	772,836	845,359
Work in progress	568,570	574,736
Consignment stock	57,340	63,153
Finished goods	260,743	114,953
	<u>1,659,489</u>	<u>1,598,201</u>

11 Debtors	2015 £	2014 £
Trade debtors	1,390,307	2,070,883
Other debtors	1,859,545	1,247,937
Prepayments and accrued income	68,157	149,434
	<u>3,318,009</u>	<u>3,468,254</u>

Osprey3 Limited

Notes to the financial statements (continued)

for the year ended 30 June 2015

12 Creditors: amounts falling due within one year	2015 £	2014 £
Bank loans and overdrafts	1,249,722	1,451,417
Net obligations under hire purchase contracts (secured)	-	15,469
Trade creditors	407,605	859,996
Amounts owed to parent and fellow subsidiary undertakings	1,396,220	533,773
Corporation tax	84,563	173,430
Other taxes and social security costs	42,997	25,843
Other creditors	5,943	163,867
Accruals and deferred income	134,637	271,633
	<u>3,321,687</u>	<u>3,495,428</u>

Bank borrowings are secured by a floating charge over the assets of the company.

Hire purchase creditors are secured over the assets to which they relate.

Net obligations under hire purchase contracts

Repayable within one year	-	15,469
	<u>-</u>	<u>15,469</u>

13 Provisions for liabilities

	Deferred tax liability £
Balance at 1 July 2014	124,734
Profit and loss account	11,527
Balance at 30 June 2015	<u>136,261</u>

The deferred tax liability is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	<u>136,261</u>	<u>124,734</u>

Osprey3 Limited

Notes to the financial statements (continued)

for the year ended 30 June 2015

14 Retirement benefits

Defined contribution scheme

The company 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 are detailed below. There were no (2014 -£Nil) contributions outstanding at the year end.

	2015 £	2014 £
Contributions payable by the company for the year	2,400	2,400

15 Share capital

Allotted, called up and fully paid

100 Ordinary shares of £1 each

2015 £	2014 £
-----------	-----------

100	100
-----	-----

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2014	3,690,315
Profit for the year	1,463,491
Dividends paid	(1,500,000)
Balance at 30 June 2015	3,653,806

Osprey3 Limited

Notes to the financial statements (continued)

for the year ended 30 June 2015

17 Reconciliation of movements in shareholders' funds	2015 £	2014 £
Profit for the financial year	1,463,491	1,198,281
Dividends	(1,500,000)	-
Net (depletion in)/addition to shareholders' funds	(36,509)	1,198,281
Opening shareholders' funds	3,690,415	2,492,134
Closing shareholders' funds	3,653,906	3,690,415

18 Contingent liabilities

The company has given a £1,500,000 inter-company cross guarantee to the Clydesdale Bank which incorporates a right of set-off between Abenco Limited and Osprey3 Limited. At 30 June 2015 the guarantee amounted to £82,707 (2014 - £758,692).

19 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2015	2014	in year
	£	£	£
A Clark	602,430	456,911	602,430
L Hepburn	625,985	434,125	625,985

There are no fixed repayment terms or interest charged on any balances owed to or from the directors. These amounts are included in other debtors due within one year.

20 Control

The ultimate parent company is Abenco Limited, a company incorporated in Great Britain and registered in Scotland.

Abenco Limited prepares group financial statements, copies of which can be obtained from the registered office address of 48 Queens Road, Aberdeen, AB15 4YE.

The directors, A Clark and L Hepburn, are the ultimate controlling parties as together they hold 100% of the issued share capital of the parent company.

Osprey3 Limited

Notes to the financial statements (continued) for the year ended 30 June 2015

21 Related party relationships and transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

Osprey3 PTY

A company under common control.

During the year the company invoiced Osprey3 PTY for goods and services totalling £704,152 (2014 - £906,731). Of these invoices, £5,262 (2014 - £109,580) are outstanding at the year end.

In addition Osprey3 Limited paid invoices on behalf of Osprey3 PTY totalling £Nil (2014 - £Nil) and was repaid £Nil (2014 - £8,701). A balance of £Nil (2014 - £Nil) relating to these invoices is still outstanding at the year end and is recorded within other debtors.

There are no fixed repayment terms or interest on any balances due to or from Osprey3 PTY.

At the balance sheet date the amounts due from Osprey3 PTY totalled £5,262 (2014 - £109,580).

Osprey3 Do Brasil Filtragem Industrial Ltda

A company in which Mr Clark is a director.

Previously, Osprey3 Limited incurred various costs re the set up of a company in Brazil.

During the year the Brazilian company ceased to trade and any balances still owed to the company were written off to the profit and loss account.

At the balance sheet date the amounts due from Osprey3 Do Brasil Filtragem Industrial Ltda totalled £Nil (2014 - £6,354).