Registered number: SC209796

# ROTECH FABRICATION LIMITED

## INFORMATION FOR FILING WITH THE REGISTRAR

## FOR THE YEAR ENDED 30 JUNE 2016

FRIDAY
*S60GHQAP*
SCT 17/02/2017 #37
COMPANIES HOUSE

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | K Stewart (resigned 8 September 2016)<br>J MacKenzie (resigned 30 October 2015)<br>G S Bell (resigned 8 September 2016)<br>S Aitken (appointed 1 September 2015)<br>S G Cochrane (appointed 24 June 2016)<br>M H Graham (appointed 24 June 2016)<br>M C Hill (appointed 24 June 2016)<br>D Stewart (appointed 24 June 2016) |
| **Company secretary** | Stronachs Secretaries Limited |
| **Registered number** | SC209796 |
| **Registered office** | Rotech House<br>Whitemyres Avenue<br>Mastrick Industrial Estate<br>Aberdeen<br>AB16 6HQ |

ROTECH FABRICATION LIMITED

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

The directors are responsible for preparing 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 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 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.

**ROTECH FABRICATION LIMITED**
**REGISTERED NUMBER: SC209796**

## BALANCE SHEET
## AS AT 30 JUNE 2016

| | Note | | 2016 £ | | 2015 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 4 | | 124,795 | | 162,160 |
| | | | 124,795 | | 162,160 |
| **Current assets** | | | | | |
| Stocks | 5 | 168,040 | | 171,611 | |
| Debtors: amounts falling due within one year | 6 | 2,318,409 | | 2,025,020 | |
| Cash at bank and in hand | 7 | 31,565 | | 19,194 | |
| | | 2,518,014 | | 2,215,825 | |
| Creditors: amounts falling due within one year | 8 | (1,232,122) | | (966,013) | |
| **Net current assets** | | | 1,285,892 | | 1,249,812 |
| **Total assets less current liabilities** | | | 1,410,687 | | 1,411,972 |
| Creditors: amounts falling due after more than one year | 9 | | (2,398) | | (7,582) |
| **Provisions for liabilities** | | | | | |
| Deferred tax | | 6,117 | | (9,713) | |
| | | | 6,117 | | (9,713) |
| **Net assets** | | | 1,414,406 | | 1,394,677 |
| **Capital and reserves** | | | | | |
| Called up share capital | 13 | | 64,438 | | 64,438 |
| Profit and loss account | | | 1,349,968 | | 1,330,239 |
| | | | 1,414,406 | | 1,394,677 |

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the directors have not delivered to the Registrar a copy of the Company's profit and loss account for the year ended 30 June 2016, as permitted by section 444 of the Companies Act 2006.

**BALANCE SHEET (continued)**
**AS AT 30 JUNE 2016**

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

Michael Hill

**M C Hill**
Director

Date: 24/1/17

The notes on pages 4 to 14 form part of these financial statements.

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

## 1. General information

Rotech Fabrication Limited is a limited company incorporated in Scotland. The registered office is Rotech House, Whitemyres Avenue, Mastrick Industrial Estate, Aberdeen, AB16 6HQ. The principal activity of the company is fabrication work for the oil industry.

## 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The company transitioned from previously existent UK GAAP to FRS 102 on 1st July 2014 (see note 16).

The auditor's report included in the annual accounts delivered to the members was unqualified. The audit report was issued by Anderson Anderson and Brown LLP and was signed by James Pirrie.

The following principal accounting policies have been applied:

### 2.2 Going concern

The directors, having made due and careful enquiry and 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 the going concern basis of accounting in preparing the annual financial statements.

## 2. Accounting policies (continued)

### 2.3 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.

On long-term contracts, turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer.

Profit on long-term contacts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contact activity progresses. Full provision is made for losses on all contracts in the year in which they are first foreseen.

### 2.4 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.

## 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 and the reducing balance method.

Depreciation is provided on the following basis:

| | |
|---|---|
| Plant & machinery | - 20-33% straight line |
| Motor vehicles | - 25% reducing balance |
| Fixtures & fittings | - 33-50% 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 within 'other operating income' in the Statement of comprehensive income.

### 2.5 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.

### 2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.7 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.

### 2.8 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.

## 2. Accounting policies (continued)

### 2.9 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 Statement of comprehensive income.

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

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

### 2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.11 Foreign currency translation

The company's functional and presentational currency is GBP.

## 2. Accounting policies (continued)

### 2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.13 Pensions

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 Statement of comprehensive income 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.

### 2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

### 2.16 Cashflow

The company has taken advantage of the exemption, under FRS102 paragraph 1.12(b), from preparing a statement of cash flows on the basis that it is a qualifying entity controlled within the group whose consolidated financial statements are publicly available, and includes the company's cash flows in its own consolidated financial statements.

## 2. Accounting policies (continued)

### 2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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.

## 3. Average number of employees

The average monthly number of employees, including directors, during the year was 33 (2015 - 33).

## 4. Tangible fixed assets

| | Plant & machinery | Motor vehicles | Fixtures & fittings | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cost or valuation** | | | | |
| At 1 July 2015 | 477,654 | 52,230 | 48,247 | 578,131 |
| Additions | 14,385 | 28,000 | 2,290 | 44,675 |
| Disposals | (32,530) | (52,230) | (16,049) | (100,809) |
| At 30 June 2016 | 459,509 | 28,000 | 34,488 | 521,997 |
| **Depreciation** | | | | |
| At 1 July 2015 | 338,628 | 33,867 | 43,476 | 415,971 |
| Charge for the period - owned | 41,772 | 6,362 | 2,085 | 50,219 |
| Charge for the period - financed | 11,665 | - | - | 11,665 |
| Disposals | (32,530) | (33,230) | (14,893) | (80,653) |
| At 30 June 2016 | 359,535 | 6,999 | 30,668 | 397,202 |
| **Net book value** | | | | |
| At 30 June 2016 | 99,974 | 21,001 | 3,820 | 124,795 |
| At 30 June 2015 | 139,026 | 18,363 | 4,771 | 162,160 |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Plant and machinery | 15,632 | 27,297 |
| | 15,632 | 27,297 |

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

## 5. Stocks

| | 2016 £ | 2015 £ |
|---|---|---|
| Raw materials and consumables | 168,040 | 171,611 |
| | 168,040 | 171,611 |

## 6. Debtors

| | 2016 £ | 2015 £ |
|---|---|---|
| Trade debtors | 1,176,558 | 1,035,538 |
| Prepayments and accrued income | 11,500 | 11,848 |
| Amounts recoverable on long term contracts | 1,130,351 | 977,634 |
| | 2,318,409 | 2,025,020 |

## 7. Cash and cash equivalents

| | 2016 £ | 2015 £ |
|---|---|---|
| Cash at bank and in hand | 31,565 | 19,194 |
| | 31,565 | 19,194 |

## 8. Creditors: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|---|---|---|
| Trade creditors | 429,576 | 406,720 |
| Amounts owed to group undertakings | 601,507 | 365,219 |
| Taxation and social security | 107,696 | 76,867 |
| Obligations under finance lease and hire purchase contracts | 5,184 | 10,550 |
| Other creditors | 17,452 | 17,246 |
| Accruals | 70,707 | 89,411 |
| | 1,232,122 | 966,013 |

The bank holds a bond and floating charge over all assets of the company.

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

## 9. Creditors: Amounts falling due after more than one year

| | 2016 £ | 2015 £ |
|---|---|---|
| Net obligations under finance leases and hire purchase contracts | 2,398 | 7,582 |
| | 2,398 | 7,582 |

## 10. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 2016 £ | 2015 £ |
|---|---|---|
| Within one year | 5,184 | 10,550 |
| Between 1-2 years | 2,398 | 5,184 |
| Between 2-5 years | - | 2,398 |
| | 7,582 | 18,132 |

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

## 11. Financial instruments

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| **Financial assets** | | |
| Financial assets measured at fair value through profit or loss | 31,565 | 19,194 |
| Financial assets that are debt instruments measured at amortised cost | 2,306,909 | 2,013,172 |
| | 2,338,474 | 2,032,366 |
| **Financial liabilities** | | |
| Financial liabilities measured at amortised cost | (1,126,824) | (896,728) |
| | (1,126,824) | (896,728) |

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

Financial assets measured at amortised cost comprise trade debtors and amounts recoverable by long term contracts.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group companies, obligations under finance lease and hire purchase contracts, other creditors and accruals.

## 12. Operating lease commitments

At 30 June 2016 the company had future minimum lease payments under non-cancellable operating lases of £196,000 (2015 - £220,500).

## 13. Share capital

| | 2016<br>£ | 2015<br>£ |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 64,438 Ordinary shares of £1 each | 64,438 | 64,438 |

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

## 14. Related party transactions

The company is a wholly owned subsidiary of Rotech Holdings Limited and has taken advantage of the exeptions within FRS 102 section 33 (Related Party Disclosure) which allows exemption from the disclosure of related party transactions with other group companies.

The company received £10,000 from a company controlled by K Stewart under an IP Assignation agreement. There were no amounts outstanding in relation to this at 30 June 2016.

## 15. Controlling party

The directors consider Rotech International Limited, a company incorporated in Scotland, to be the company's ultimate parent company.

The smallest undertaking for which the company is a member and for which group financial statements are prepared is Rotech Holdings Limited. The registered address and principal place of business of Rotech Holdings Limited is Rotech House, Whitemyres Avenue, Mastrick Industrial Estate, Aberdeen, AB16 6HQ.

## 16. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.