

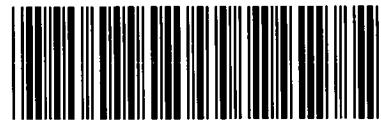
Company Registration No. SC286421

XODUS GROUP LIMITED

Report and Financial Statements

for the year ended 31 December 2014

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XODUS GROUP LIMITED

Report and financial statements 2014

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XODUS GROUP LIMITED

Report and financial statements 2014

Officers and professional advisers

Directors

E Kilner
S Swindell
W Zande

Company Secretary

S Swindell

Registered Office

Xodus House
50 Huntly Street
Aberdeen
AB10 1RS

Independent Auditor

Deloitte LLP
Aberdeen
United Kingdom

XODUS GROUP LIMITED

Strategic report

Principal activities

The principal activity of the company is the provision of consultancy services to the oil and gas industry. The company primarily operates through the UK. During the year the company established a branch in Abu Dhabi.

Results and key performance indicators

The loss for the year, after taxation, amounted to £19,167,000 (2013 (Profit): £1,595,000). Such an increase in losses was largely driven by impairment of £18,167,000 of receivables due from related parties presented within exceptional charges (Note 4) and changes in the methodology of overhead allocation within the Xodus group resulting in additional costs of £1,675,000 being absorbed by the company. The directors do not recommend payment of a dividend (2013: £nil).

Business review

2014 was a challenging year for the company as the market for front end engineering services started to slow down and competition became fiercer. While the company achieved good revenue growth, local market conditions have made the marketplace challenging.

The board anticipates further slowdown in both the UK and overseas markets, and the company is focused on adapting operating and overhead costs to this environment. Partnering and integration in new geographic regions and expansion to new consultancy areas for the company such as equipment & material supply, asset management, and decommissioning will also be a strategic direction for future periods.

The following action steps have already been taken to support the highlighted transformation:

- Additional performance management activities have been introduced enabling the company to act more efficiently and predictably in the current market conditions;
- Integration and partnering have taken further steps by setting up the Joint Venture Xodus Subsea.

Going concern

The directors, having considered the financial position, financial projections and having received confirmation of the continuing financial support of the ultimate parent company are of the opinion that the company will continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

The company faces a variety of risks and uncertainties, both foreseeable and unforeseeable. The main risks identified as a focus to the board are set out below.

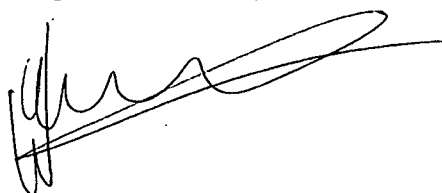
Unpredictability of oil & gas market

Xodus continues to be aware of possible changes in activity levels influenced by oil and gas price fluctuations. Any reduction in activity could lead to a decline in the demand for the services provided by the company impacting utilisation and day rates. The company have put in place a strategy to manage through the period of downturn and position the company to grow when market conditions improve.

The financial risk management policies and objectives are discussed in the Directors' report on pages 3-4.

Approved by the board and signed on its behalf by:

Wim van der Zande
Director



23 November 2015

XODUS GROUP LIMITED

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2014.

Directors

The directors who served through the year and to the date of this report unless noted are as follows:

C Manson (resigned on 1 July 2015)

E Kilner

S Swindell

W Zande (appointed on 1 July 2015)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is our policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation and communication

We place considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Xodus group of companies. This is achieved through formal and informal meetings and the group magazine, "XTRA".

Financial risk management

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

Cash flow risk

The company's activities expose it primarily to the risks of changes in foreign currency exchange rates. The company monitors exposure on an ongoing basis and considers the merits of forward contracts and hedging. At this time no financial instruments are employed to hedge exposures.

Credit risk

The company's principal financial assets are trade and other receivables as well as bank balances.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on liquid funds is considered limited because the counterparties are banks with credit-ratings assigned by recognised credit-rating agencies.

Liquidity risk

The company monitors future cash flows and has access to a mixture of short term debt arrangements as well as funding from the wider Chiyoda group to ensure sufficient funds are available for ongoing operations.

Interest rate risk

The company is exposed to interest rate risk on borrowings and monitors debt levels and associated finance costs on an ongoing basis to assist in developing appropriate measures and actions.

XODUS GROUP LIMITED

Directors' report

Auditors

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 auditors is unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

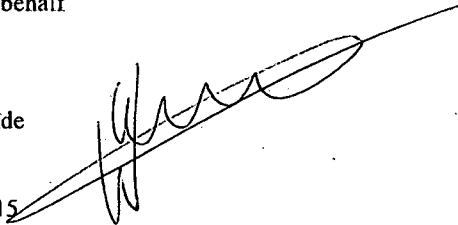
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated 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

Wim van der Zande
Director

23 November 2015

A handwritten signature in black ink, appearing to be 'Wim van der Zande', written over a horizontal line.

XODUS GROUP LIMITED

Directors' responsibilities statement

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 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; 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 XODUS GROUP LIMITED

We have audited the financial statements of Xodus Group Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 24. 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 31 December 2014 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.

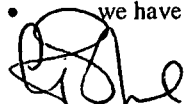
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



Graeme Sheils CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom

25 November 2015

XODUS GROUP LIMITED

Profit and loss account

For the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	2	58,639	52,473
Cost of sales		(44,459)	(40,178)
Gross profit		14,180	12,295
Administrative expenses			
- Recurring		(14,620)	(9,975)
- Exceptional	4	(18,167)	-
Other operating income		283	19
Operating (loss) / profit	3	(18,324)	2,339
Interest receivable and similar income	7	1	7
Interest payable and similar charges	8	(201)	(264)
(Loss) / profit on ordinary activities before taxation		(18,524)	2,082
Tax on (loss)/profit on ordinary activities	9	(643)	(487)
(Loss) / profit for the financial year	19	(19,167)	1,595

All of the result for the current and prior year relates to continuing operations.

There are no recognised gains and losses other than as included in the profit and loss account. Accordingly no statement of recognised gains and losses is presented.

XODUS GROUP LIMITED

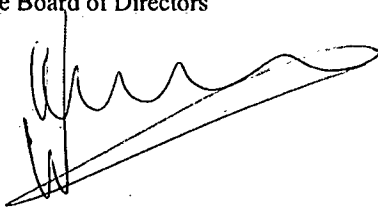
Balance sheet As at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Intangible assets	10	2,023	1,908
Tangible assets	11	1,394	1,341
Investments	12	3,340	541
		<u>6,757</u>	<u>3,790</u>
Current assets			
Debtors	13	24,893	36,793
Cash at bank and in hand		118	3,509
		<u>25,011</u>	<u>40,302</u>
Creditors: amounts falling due within one year	14	<u>(37,931)</u>	<u>(30,947)</u>
Net current (liabilities)/assets		<u>(12,920)</u>	<u>9,355</u>
Total assets less current liabilities		<u>(6,163)</u>	<u>13,145</u>
Creditors: amounts falling due after more than one year	15	<u>(233)</u>	<u>(374)</u>
Net (liabilities)/assets		<u>(6,396)</u>	<u>12,771</u>
Capital and reserves			
Called up share capital	18	235	235
Share premium	19	115	115
Profit and loss account	19	(6,746)	12,421
Shareholders' (deficit)/funds	20	<u>(6,396)</u>	<u>12,771</u>

The financial statements of Xodus Group Limited, registered number SC286421, were approved by the board of directors and authorised for issue on 23 November 2015.

Signed on behalf of the Board of Directors

Wim van der Zande
Director



XODUS GROUP LIMITED

Notes to the financial statements For the year ended 31 December 2014

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have been applied consistently in the current and prior year.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

Under the provisions of section 400 of the Companies Act 2006 and in accordance with paragraphs 21b and 21c of Financial Reporting Standard 2, the company is exempt from preparing consolidated financial statements by virtue of the fact that it is a subsidiary of another company which prepares group accounts which are publicly available (note 23). The financial statements therefore present information about the company as an individual undertaking and not as a group.

Going concern

The company has net liabilities of £6.4 million as at 31 December 2014, which include net balances of £17.9 million due to fellow companies. The directors have received confirmation of continuing support of the immediate and the ultimate parent (Note 24) that the company will have access to appropriate resources from the group to continue in trade in the ordinary course for the foreseeable future. Accordingly, the going concern basis continues to be applied in preparing the financial statements.

Cash flow statement

The company is a wholly owned subsidiary of Xodus Group (Holdings) Limited (note 23) and its results are included in the consolidated financial statements of that company which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives as follows:

Furniture, fittings & equipment	25-33% straight line
Tenant's improvements	10% - 20% straight line, or period of lease if shorter
Computer equipment	33% straight line

Foreign currencies

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Exchange gains or losses are recognised in the profit and loss account.

Leases

Assets held under hire purchase contracts and finance leases are capitalised as tangible fixed 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. The finance element is charged to the profit and loss account over the period of the lease so as to produce a constant periodic rate of charge on the net obligation outstanding.

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

XODUS GROUP LIMITED

Notes to the financial statements

For the year ended 31 December 2014 (continued)

1. Accounting policies (continued)

Pension

The company operates a defined contribution pension scheme. The annual contributions payable are charged to the profit and loss account. Differences between payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Investments

Investments in subsidiaries are stated at cost, with any impairment being recognised when identified.

Intangible assets

Goodwill represents the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life, estimated at 10 years.

Licenses are recorded at cost and are amortised in equal instalments over their estimated economic lives, which range from 3 to 10 years. Provision is made for any impairment when identified.

Research and development

Research and development expenditure is expensed in the profit and loss account as incurred.

Taxation

Current tax, including UK corporation tax and foreign 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 provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion in terms of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. 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.

2. Turnover

Turnover represents the value of services provided under the company's principal activities net of sales taxes and discounts.

No analysis of turnover or operating profit is provided as the directors believe this may be prejudicial to the commercial interests of the company.

XODUS GROUP LIMITED

Notes to the financial statements

For the year ended 31 December 2014 (continued)

3. Operating (loss)/profit

Operating profit is stated after charging:

	2014 £'000	2013 £'000
Amortisation of intangible assets:		
Goodwill	102	142
Licences	554	481
Depreciation of tangible fixed assets:		
Owned	644	623
Held under finance leases	81	184
Operating lease rentals:		
Plant and machinery	171	134
Other	1,503	1,225
Foreign exchange loss	175	12
Research and development	659	607
	<u> </u>	<u> </u>
Fees payable to the company's auditor and associates for:		
Audit of the company's annual accounts	65	53
	<u> </u>	<u> </u>
Total audit fees	65	53
	<u> </u>	<u> </u>
Tax compliance services and total non-audit	37	33
	<u> </u>	<u> </u>
Total	<u>102</u>	<u>86</u>

4. Exceptional administrative expense

The exceptional charge relates to a provision for the impairment of receivables due from a group undertaking and a joint venture, totalling £18,167,000. These costs are identified as exceptional by virtue of their size.

XODUS GROUP LIMITED

Notes to the financial statements

For the year ended 31 December 2014 (continued)

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014	2013
	£'000	£'000
Wages and salaries	19,855	17,739
Social security costs	2,275	2,071
Other pension costs (note 21)	2,153	1,677
	<u>24,283</u>	<u>21,487</u>

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

	2014	2013
	No.	No.
Directors	3	3
Administration	64	37
Technical	260	261
	<u>327</u>	<u>301</u>

6. Directors' remuneration

	2014	2013
	£'000	£'000
Emoluments	162	203
Company pension contributions to defined contribution pension schemes	30	5
	<u>192</u>	<u>208</u>

During the period retirement benefits accrued to one director (2013: one) in respect of a defined contribution pension scheme.

The highest paid director received remuneration of £192,000 (2013: £208,000).

Certain directors are also directors of other group companies who settle their remuneration. It is not considered practical to apportion directors' remuneration to this subsidiary on the basis of the level of service and accordingly no allocation has been made in the current or prior year.

XODUS GROUP LIMITED

Notes to the financial statements For the year ended 31 December 2014 (continued)

7. Interest receivable

	2014 £'000	2013 £'000
Bank interest	1	7

8. Interest payable

	2014 £'000	2013 £'000
On bank loans and overdrafts	5	4
Finance lease and hire purchase interest	31	26
Invoice discount interest	165	234
	201	264

9. Taxation

	2014 £'000	2013 £'000
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	-	699
Foreign tax relief	-	(60)
Adjustments in respect of prior periods	106	(208)
	106	431
Foreign tax on income for the year	692	68
Total current tax	798	499
Deferred tax		
Origination and reversal of timing differences	(181)	(54)
Adjustment relating to prior year	13	25
Effect of changes in rates	13	17
Total deferred tax	(155)	(12)
Tax on profit on ordinary activities	643	487

XODUS GROUP LIMITED

Notes to the financial statements

For the year ended 31 December 2014 (continued)

9. Taxation (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax was 21.49% (2013: 23.25%). The actual rate for the current year and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2014 £'000	2013 £'000
(Loss)/ profit on ordinary activities before tax	(18,524)	2,082
(Loss)/ profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2012: 23.25%)	(3,981)	484
Effects of:		
Non-taxable income for tax purposes	(45)	-
Non-deductible expenses for tax purposes	137	176
Depreciation in excess of capital allowances for year	109	47
Adjustments to tax charge in respect of prior periods	106	(208)
Short term timing differences	71	6
Group relief claimed	(49)	(14)
Impact of overseas taxation	545	8
Impairment of balances due from related parties	3,905	-
Current tax charge for the year	798	499

10. Intangible fixed assets

	Goodwill £'000	Licences £'000	Total £'000
Cost			
At 1 January 2014	1,011	2,185	3,196
Additions	43	868	911
Disposals	-	(199)	(199)
At 31 December 2014	1,054	2,854	3,908
Amortisation			
At 1 January 2014	307	981	1,288
Charge for the year	102	554	656
Amortisation on disposals	-	(59)	(59)
At 31 December 2014	409	1,476	1,885
Net book value			
At 31 December 2014	645	1,378	2,023
At 31 December 2013	704	1,204	1,908

XODUS GROUP LIMITED

Notes to the financial statements

For the year ended 31 December 2014 (continued)

11. Tangible fixed assets

	Furniture, fittings & equipment £'000	Tenant's improvements £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2014	613	1,286	2,642	4,541
Additions	142	402	256	800
Disposals	(1)	(27)	-	(28)
At 31 December 2014	754	1,661	2,898	5,313
Depreciation				
At 1 January 2014	490	819	1,891	3,200
Charge for the year	106	151	468	725
Disposals	-	(6)	-	(6)
At 31 December 2014	596	964	2,359	3,919
Net book value				
At 31 December 2014	158	697	539	1,394
At 31 December 2013	123	467	751	1,341

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

	2014 £'000	2013 £'000
Computer equipment	81	292
Tenant's improvements	-	1
	81	293

XODUS GROUP LIMITED

Notes to the financial statements

For the year ended 31 December 2014 (continued)

12. Fixed asset investments

	Investments in subsidiaries £'000	Investments in joint venture £'000	Total £'000
At 1 January 2014	539	2	541
Additions	-	2,799	2,799
At 31 December 2014	539	2,801	3,340
Net book value			
At 31 December 2014	539	2,801	3,340
At 31 December 2013	539	2	541

Subsidiary undertakings

Name of company	Country of incorporation	Nature of business	Proportion of ordinary shares held
Aurora Environmental Limited	Scotland	Property rental	100%
Xodus Group Inc	USA	Well and subsurface consultancy services	100%
Xodus Group BV (under closure, Note 25)	Netherlands	Well and subsurface consultancy services	100%
Xodus Group A/S	Norway	Well and subsurface consultancy services	100%
Xodus Group Pty	Australia	Well and subsurface consultancy services	100%
Xodus Group DMCC	United Arab Emirates	Well and subsurface consultancy services	100%
Xodus Oil and Gas Consultants (PTY) Limited	South Africa	Well and subsurface consultancy services	100%

Joint Ventures

Name of company	Country of incorporation	Nature of business	Proportion of ordinary shares held
XMQS Africa Limited	Nigeria	Provision of well and subsurface consultancy services	49%
Xodus Subsea Limited	Scotland	Provision of studies, design, engineering and consultancy services	40%

In October 2014, Xodus Group Limited formed Xodus Subsea Limited a joint venture entity with Saipem and Chiyoda Corporation. Xodus Subsea Limited is 40% directly owned by Xodus Group Limited, 50% by Saipem and 10% by Chiyoda Corporation.

XODUS GROUP LIMITED

Notes to the financial statements

For the year ended 31 December 2014 (continued)

13. Debtors

	2014 £'000	2013 £'000
Trade debtors	8,304	8,505
Amounts owed by group undertakings	9,329	18,463
Amounts owed by related parties	476	3,800
Prepayments and accrued income	6,082	5,445
Other debtors	446	479
Deferred tax asset (note 17)	256	101
	<u>24,893</u>	<u>36,793</u>

14. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Finance lease obligations (note 16)	221	410
Invoice discounting (note 16)	3,121	6,095
Trade creditors	3,197	2,043
Amounts owed to group undertakings	27,197	17,882
Social security and other taxes	1,067	1,473
Corporation tax	29	615
Accruals and deferred income	2,770	2,267
Deferred consideration	329	162
	<u>37,931</u>	<u>30,947</u>

The invoice discounting advance is secured over the associated debtors.

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

	2014 £'000	2013 £'000
Finance lease obligations (note 16)	233	74
Deferred consideration	-	300
	<u>233</u>	<u>374</u>

XODUS GROUP LIMITED

Notes to the financial statements

For the year ended 31 December 2014 (continued)

16. Borrowings

	2014 £'000	2013 £'000
Total borrowings:		
Invoice discounting advance	3,121	6,095
Finance leases obligations	454	484
	<u>3,575</u>	<u>6,579</u>
	2014 £'000	2013 £'000
The total borrowings above are repayable as follows:		
Within one year	3,342	6,505
Between one and two years	153	60
Between two and five years	80	14
	<u>3,575</u>	<u>6,579</u>

Finance lease obligations are secured over the relevant asset.

17. Deferred tax asset

	2014 £'000	2013 £'000
At 1 January	101	89
Credit in year	168	37
Adjustment in respect of prior years	(13)	(25)
	<u>256</u>	<u>101</u>

The deferred tax asset is made up as follows:

	2014 £'000	2013 £'000
Accelerated capital allowances	157	68
Short term timing differences	99	33
	<u>256</u>	<u>101</u>

XODUS GROUP LIMITED

Notes to the financial statements

For the year ended 31 December 2014 (continued)

18. Share capital

	2014 £'000	2013 £'000
Allotted, called up and fully paid		
200,000 Ordinary A shares of £1 each	200	200
35,025 Ordinary B shares of £1 each	35	35
	<u>235</u>	<u>235</u>

The Ordinary A & B shares rank pari passu with respect to dividends and have full voting rights. On the winding up, liquidation or capital reduction of the company, the B Ordinary shares have right to repayment in advance of the A Ordinary shares of the sum of £4.28 per share. Additionally, after repayment of £1 per share to the holders of A shares, the holders of A & B shares are entitled to share any remaining surplus assets of the company in proportion to the number of shares owned.

19. Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2014	115	12,421
Loss for the year	-	(19,167)
At 31 December 2014	<u>115</u>	<u>(6,746)</u>

20. Reconciliation of movements in shareholders' (deficit)/funds

	2014 £'000	2013 £'000
Opening shareholders' funds	12,771	11,176
(Loss)/profit for the year	(19,167)	1,595
Closing shareholders' (deficit)/funds	<u>(6,396)</u>	<u>12,771</u>

21. Pension commitments

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 in the year amounted to £2,153,000 (2013: £1,677,000). At 31 December 2014 contributions of £160,000 (2013: £163,000) were outstanding.

XODUS GROUP LIMITED

Notes to the financial statements

For the year ended 31 December 2014 (continued)

22. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land & buildings		Other	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Expiry date:				
Within 1 year	225	30	155	138
Between 2 and 5 years	712	334	-	-
After more than 5 years	216	601	-	-
	<u>1,153</u>	<u>965</u>	<u>155</u>	<u>138</u>

23. Related party transactions

The company has taken advantage of paragraph 3(c) of FRS 8 (Related party Disclosures) and not disclosed transactions with wholly owned group companies.

During the year the company advanced a further £149,000 to United Resources Ltd, a company in which Xodus Group (Holdings) Ltd, being the parent company of Xodus Group Ltd, has a 9.9% interest. At 31 December 2014, the Company had a receivable due from that party in the amount of £476,000 (2013: £327,000).

During the year the company advanced a further £669,000 to XMOS Africa Limited, a 49% owned joint venture. At 31 December 2014, £4,142,000 is due from that party, and is fully provided. (2013: £3,473,000) (Note 4).

During the year the company rendered and purchased a range of consulting services to and from related parties that are summarised below. These amounts all relate to trading activities and do not have any associated receivables or payables at year end.

Related Party	Relationship	2014		2013	
		£'000		£'000	
		Sales	Purchases	Sales	Purchases
Chiyoda Corporation	Ultimate parent party	406	201	12	-
United Resources Limited	Immediate parent owning 9.9% interest	18	2,198	34	1,834
Xodus Subsea Limited	Joint venture	475	495	-	-
Xmos Africa Limited	Joint venture	40	12	194	-
		<u>939</u>	<u>2,906</u>	<u>240</u>	<u>1,834</u>

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Notes to the financial statements

For the year ended 31 December 2014 (continued)

24. Ultimate parent company

The company's immediate parent company is Xodus Group (Holdings) Limited, a company registered in Scotland.

The smallest group in which the results of the company are consolidated is that headed by Xodus Group (Holdings) Limited. The group accounts may be obtained from the Registered Office, Xodus House, Huntly Street, Aberdeen.

The largest group in which the results of the company are consolidated is that headed by Chiyoda Corporation who from 28 June 2013 became the ultimate parent party by virtue of their interest in the share capital of Xodus Group (Holding) Limited. Copies of the financial statements can be obtained from Chiyoda Corporation, Minato Mirai Grand Central Tower, 4-6-2, Minatomirai, Nishi-ku, Yokohama 220-8765, Japan. Chiyoda Corporation is not considered to have an ultimate controlling party.

25. Event after the balance sheet date

In October 2015 the board of directors approved the decision to close Xodus Group BV, a subsidiary in Netherlands. The employees were advised of the decision and formal consultations are under way.