

Company Registration No. SC286421

Xodus Group Limited

Annual report and financial statements

For the year ended 31 December 2015



Xodus Group Limited

Report and financial statements 2015

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Xodus Group Limited

Report and financial statements 2015

Officers and professional advisers

Directors

E Kilner-Abazed
S Swindell
W van der Zande

Company Secretary

S Swindell

Registered Office

Xodus House
50 Huntly Street
Aberdeen
AB10 1RS

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 and Abu Dhabi.

Results and key performance indicators

In the year ended 31 December 2015, the company achieved turnover of £38.7 million (2014: £58.6 million) and incurred an operating loss of £18.7 million (2014: £18.3 million), including exceptional expenses of £16.3 million (2014: £18.2 million) (note 5). The loss for the year amounted to £20.2 million (2014: £19.1 million). The directors do not recommend payment of a dividend.

The directors consider the key performance indicators of the business to be turnover and utilisation of staff.

Business review and future developments

This year has shown a further decline in the consultancy/engineering services market due to the decrease in the oil price. The impact has been seen by clients delaying projects and some awarded projects being cancelled. Consequently, revenues further decreased and revenue targets were difficult to achieve. Office space in Scotland and London as well as staffing had to be reduced, however the portfolio of services and deliverables was maintained throughout the company. A reduction in overhead costs was also implemented with a view that if a further reduction were needed, the organisational structure would need to be adapted.

The further reduction in work in existing markets forced us to seek expansion in other areas where our expertise was needed. These areas were Eastern Europe and Asian Pacific and first results have been seen.

Our well services business has further potential from the integration with the subsurface business, which will make us a unique player in the market.

Decommissioning services have been combined with a renewed focus. In that way Xodus will provide an exceptional template for operators to ensure proper preparation and implementation of decommissioning including financing and post decommissioning. First successes are expected in 2016.

The other element is the format of participation in Xodus Subsea Limited Joint Venture. It is foreseen that due to the reduction in the market opportunities, resources are to be relocated back from the joint venture into the group. This measure will reduce the running cost of this business segment and enable rendering subsea engineering services to the market which is now mainly brownfield and asset management oriented.

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 has put in place a strategy to manage through the period of downturn and position the company to grow when market conditions improve. In addition the company is expanding into other business areas such as LNG and other midstream businesses aiming to diversify its portfolio.

Xodus Group Limited

Strategic report

Political risks

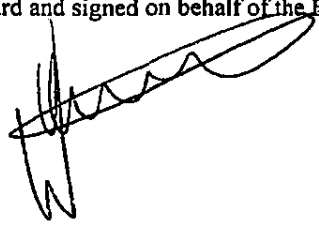
Political risks deter expansion and diversification of the company portfolio. The company manages political risk by carrying out a risk assessment of all projects at proposal stage.

The financial risk management policies and objectives are discussed in the Directors' report on pages 4-5.

Approved by the Board and signed on behalf of the Board

Wim van der Zande
Director

1 July 2016

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

Xodus Group Limited

Directors' report (continued)

The directors present their report and the audited financial statements for the year ended 31 December 2015.

Directors

The directors who each served throughout the year and to the date of this report unless stated otherwise, are as follows:

E Kilner-Abazed
S Swindell
W van der Zande (appointed 1 July 2015)
C Manson (resigned 1 July 2015)

Existence of branches outside the UK

The company has one registered branch outside the UK being in Abu-Dhabi, UAE.

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 31 December 2015 no contracts were in place.

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 allowance 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 has access to a mixture of short term debt arrangements and funding from the wider Chiyoda group to fund 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.

Going concern

The directors, having considered the financial position of the company and future trading prospects 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.

Xodus Group Limited

Directors' report (continued)

Research and development

During 2015 the group continued to develop software updates as part of the upgrading process of internal software system, XBOS.

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 company 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.

Directors' indemnities

The group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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".

In preparing this Directors' Report, the Directors have complied with S414C (11) of the Companies Act 2006 by including certain disclosures required by S416 (4) within the Strategic Report.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Xodus Group Limited

Directors' report (continued)

Events after the balance sheet date

In April 2016 the company intimated their intent to withdraw from their interest in XMOS Africa Limited (note 25).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/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 auditor is aware of that information.

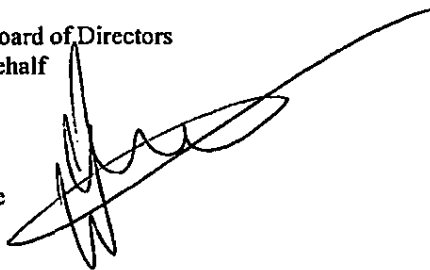
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have 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

1 July 2016

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), including FRS 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Xodus Group Limited

We have audited the financial statements of Xodus Group Limited for the year ended 31 December 2015 which comprise the profit and loss account and comprehensive income statement, the balance sheet, the statement of changes in equity and the related notes 1 to 26. 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), including FRS 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 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 2015 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.

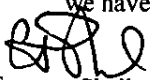
Opinion on other matter prescribed by the Companies Act 2006

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

1 July 2016

Xodus Group Limited

Profit and loss account and comprehensive income For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Turnover	3	38,748	58,639
Cost of sales		(32,152)	(44,435)
Gross profit		6,596	14,204
Administrative expenses - recurring		(11,985)	(14,620)
Administrative expenses - exceptional	5	(16,285)	(18,167)
Other operating income		2,934	283
Operating loss	4	(18,740)	(18,300)
Interest receivable and similar income	8	-	1
Interest payable and similar charges	9	(68)	(201)
Loss on ordinary activities before taxation		(18,808)	(18,500)
Tax on loss on ordinary activities	10	(1,440)	(643)
Loss for the financial year	20	(20,248)	(19,143)
Debts forgiven by the immediate parent		30,932	-
Other comprehensive income for the year		30,932	-
Total comprehensive income/(loss) for the year		10,684	(19,143)

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

Xodus Group Limited

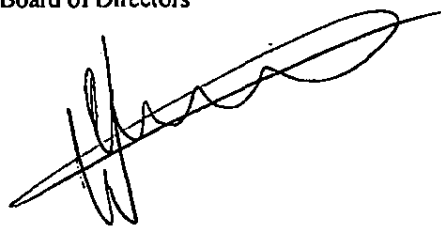
Balance sheet As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	11	1,702	2,023
Tangible assets	12	962	1,394
Investments	13	1,676	3,340
		<u>4,340</u>	<u>6,757</u>
Current assets			
Debtors	14	12,736	24,893
Cash at bank and in hand		138	118
		<u>12,874</u>	<u>25,011</u>
Creditors: amounts falling due within one year	15	(12,689)	(38,083)
Net current assets/(liabilities)		<u>185</u>	<u>(13,072)</u>
Total assets less current liabilities		4,525	(6,315)
Creditors: amounts falling due after more than one year	16	(145)	(233)
Provisions for liabilities	19	(244)	-
Net assets/(liabilities)		<u>4,136</u>	<u>(6,548)</u>
Capital and reserves			
Called up share capital	20	235	235
Share premium		115	115
Other reserves		30,932	-
Profit and loss account		(27,146)	(6,898)
Shareholders' funds/(deficit)		<u>4,136</u>	<u>(6,548)</u>

The financial statements of Xodus Group Limited, registered number SC286421, were approved by the board of directors and authorised for issue on 1 July 2016

Signed on behalf of the Board of Directors

Wim van der Zande
Director



Xodus Group Limited

Statement of changes in equity As at 31 December 2015

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Other reserves £'000	Total £'000
As at 31 December 2013 as previously stated	235	115	12,421	-	12,771
Changes on transition to FRS 102 (see note 24)	-	-	(176)	-	(176)
As at 1 January 2014 as restated (see note 24)	235	115	12,245	-	12,595
Loss for the financial year as restated (see note 24)	-	-	(19,143)	-	(19,143)
As at 31 December 2014 as restated (see note 24)	235	115	(6,898)	-	(6,548)
Loss for the financial year	-	-	(20,248)	-	(20,248)
Debts forgiven by the immediate parent	-	-	-	30,932	30,932
Total comprehensive (loss)/income	-	-	(20,248)	30,932	10,684
As at 31 December 2015	235	115	(27,146)	30,932	4,136

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

1. Accounting policies

The particular accounting policies adopted are described below.

General information and basis of accounting

Xodus Group Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

This is the first year in which financial statements have been prepared under FRS 102. The prior year financial statements were restated on adoption of FRS 102 in the current year. For more information on transition see note 24.

The functional currency of Xodus Group Limited is considered to be pounds sterling being the currency of the primary economic environment in which the company operates. The financial statements are presented in pounds sterling.

The company is a wholly owned subsidiary of Xodus Group (Holdings) Limited. It is included in the consolidated financial statements of Xodus Group (Holdings) Limited, which are publicly available (note 26). Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The financial statements therefore present information about the company as an individual undertaking and not as a group.

Xodus Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of available exemptions in relation to certain disclosures on financial instruments, disclosure of related party transactions within the group, and preparation of cash flow statement.

Going concern

The company has net assets of £4.1 million as at 31 December 2015. The directors have considered the financial position and trading prospects for the company and have also received confirmation of the continuing financial support of the immediate and the ultimate parent (note 26). Accordingly, the going concern basis continues to be applied in preparing the financial statements.

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 and equipment	25-33% straight line
Tenant improvements	10% - 20% straight line, or period of lease if shorter
Computer equipment	33% straight line

Investments

Investments in subsidiaries and joint ventures are recorded at cost less impairment.

Xodus Group Limited

Notes to the financial statements (continued) **For the year ended 31 December 2015**

1. Accounting policies (continued)

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. In accordance with Section 35 of FRS 102, purchase method has not been applied in these financial statements in respect of business combinations effected prior to 1 January 2014, the date of transition for FRS 102.

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

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 and 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.

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.

Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viabilities of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the expected period of benefit. Provisions are made for any impairment when identified.

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.

Xodus Group Limited

Notes to the financial statements (continued) **For the year ended 31 December 2015**

1. Accounting policies (continued)

Turnover

Turnover represents the value of services rendered, net of sales taxes and discounts. Turnover represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Exceptional items

Exceptional items, as disclosed on the face of the statement of the profit and loss account, are items which due to their materiality and/or non-recurring nature are classified and identified separately in order to draw them to the attention of the reader of the financial statements.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are represented by cash and cash equivalents, account receivables, borrowings, account payables and other financial liabilities.

When a financial asset or financial liability is recognised initially, it is measured at transaction price unless the arrangement constitutes, in effect, a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The company has no financial instruments that upon their initial recognition are designated as at fair value through profit or loss. Therefore, subsequent to initial recognition financial assets and liabilities of the company are measured at amortised cost using the effective interest method, unless they are classified as payable or receivable within one year on initial recognition, in which case they are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The accounting policies for key financial instruments held by the company are set out below in this note.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash with banks, and deposits with an original maturity of less than three months.

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

1. Accounting policies (continued)

Accounts receivable

Accounts receivable held by the company, are non-interest bearing and current, and are stated at transaction price, which approximate their fair value at initial recognition. Appropriate allowances for estimated irrecoverable amounts are recognised subsequent to initial recognition in the profit and loss statement when there is objective evidence that the asset is impaired.

Invoice discounting advance, other loans ("Borrowings")

Borrowings are initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument which is normally approximated by the amount of net proceeds received, and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds and the settlement or redemption amount is recognised over the term of the borrowings and recorded as finance costs.

Trade and other accounts payable

Accounts payable are short term and are measured at the undiscounted amount of the cash or other consideration expected to be paid which normally constitute a transaction price.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, judgements, estimates and assumptions are required about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are subject to regular review. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The critical judgements made by in the process of applying the company's accounting policies and has the most significant effect on the amounts recognised in the financial statements is considered below.

Turnover from contracts

For reimbursable day rate contracts turnover is recognised as the work is performed based on time spent by personnel on respective projects and contracted day rates. Revenue recognition criteria is judged to be satisfied through the time charged on respective projects with service revenue being recognised to the extent that the receipt of the related revenues is considered probable.

Turnover for lump sum contracts is calculated by reference to the estimated stage of completion when the outcome of the contract can be estimated reliably. In making the judgement on the stage of completion management considers the value of work performed to date as a proportion of the total contract value and prior history of completion of similar projects.

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Classification of XMOS Africa Limited and Xodus Subsea Limited as joint ventures

XMOS Africa and Xodus Subsea are both limited liability companies in which the company has 49% and 40% ownership respectively. The directors have assessed whether or not these entities should be accounted as joint ventures or subsidiaries. In making their judgement, directors analysed decision making process and considered practical ability of the company to direct relevant activities of these entities unilaterally. After assessment, directors concluded that there is a joint control as all strategic decisions cannot be taken without unanimous consent received from other significant shareholders, which indicates existence of power of veto. Accordingly, XMOS Africa Limited and Xodus Subsea Limited are classified as joint ventures.

Key sources of estimation uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value of the cash-generating units to which goodwill has been allocated. The value calculation requires the identification of cash-generating units, estimating the future cash flows expected to arise from each cash-generating unit and application of suitable discount rates to calculate the present value. The carrying amount of goodwill at the balance sheet date was £725,000. No impairment loss was identified.

Recoverability of 3rd party debtors and related party balances

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors with third parties, management consider factors including the current credit rating of the debtor, the aging profile of debtors and historical collection experience.

Impairment of investments

Determining whether investments are impaired requires estimation of fair value. The assessment of fair value considers the future prospects for the investments. The carrying amount of investments at the balance sheet date is £1,676,000, net of estimated impairment of £1,164,000 (note 13).

Income and corporate taxes

The company is subject to income taxes in numerous jurisdictions. Judgement is required in assessing the tax consequences of transaction and estimating the provision for income and corporate taxes. Where the final outcome is different from the amounts initially recorded, such differences will impact the current and deferred taxes assets and liabilities in the year in which such determination is made.

Onerous lease provision

A provision for onerous lease contracts of £244,000 exists at 31 December 2015 and represents the future lease payments that the company is presently obligated to make under non-cancellable onerous operating lease contracts, less future revenue expected to be achieved on the subletting, where applicable. The estimate may vary as a result of changes in the utilisation of the leased properties and sub-lease arrangements.

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

3. Turnover

Revenue pertains to time based charges for consulting services in a number of areas including energy production, technology development and environmental safety and compliance. No further analysis by class of business is considered necessary.

An analysis of the company's turnover by geographical market is set out below:

	2015 £'000	2014 £'000
Europe	29,712	42,348
Asia	4,572	1,816
Asia Pacific	3,006	1,493
Africa	958	7,748
America	500	5,234
	<u>38,748</u>	<u>58,639</u>

4. Operating loss

Operating loss is stated after charging:

	2015 £'000	2014 £'000
Amortisation of intangible assets:		
Goodwill	136	102
Licences	379	554
Depreciation of tangible fixed assets:		
Owned	541	644
Held under finance leases	79	81
Operating lease rentals:		
Plant and machinery	124	171
Other	1,576	1,503
Foreign exchange (gain)/loss	(149)	175
Research and development	691	659
	<u>691</u>	<u>659</u>

The analysis of audit remuneration is as follows:

Fees payable to the company's auditor and associates for:

Audit of the company's annual accounts	69	65
Total audit fees	<u>69</u>	<u>65</u>
Tax compliance services and total non-audit	25	37
Total	<u>94</u>	<u>102</u>

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

5. Administrative expenses- exceptional

The exceptional costs of £16,285,000 comprise restructuring costs of £697,000, the impairment of an investment in a joint venture of £1,664,000 (note 13) and the impairment of £13,924,000 due from fellow group undertakings. The restructuring costs are mainly represented by redundancy costs and onerous lease charges. These costs are identified as exceptional by virtue of size.

In prior year the exceptional cost of £18,167,000 related to the impairment of amounts due from fellow group undertakings and a joint venture.

6. Staff costs

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

	2015 £'000	2014 £'000
Wages and salaries	14,604	19,855
Social security costs	1,594	2,275
Other pension costs (note 21)	1,582	2,153
	<u>17,780</u>	<u>24,283</u>

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

	2015 No.	2014 No.
Directors	3	3
Administration	67	64
Technical	182	260
	<u>252</u>	<u>327</u>

7. Directors' remuneration

	2015 £'000	2014 £'000
Emoluments	294	162
Company pension contributions to defined contribution pension schemes	14	30
	<u>308</u>	<u>192</u>

During the period retirement benefits accrued to one director (2014: one) in respect of a defined contribution pension scheme.

The highest paid director received remuneration of £197,397 (2014: £192,000).

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 (continued) For the year ended 31 December 2015

8. Interest receivable

	2015 £'000	2014 £'000
Bank interest	-	1

9. Interest payable

	2015 £'000	2014 £'000
On bank loans and overdrafts	-	5
Finance lease	20	31
Invoice discount interest	48	165
	68	201

10. Taxation

	2015 £'000	2014 £'000
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year	-	-
Foreign tax relief	-	-
Adjustments in respect of prior periods	-	106
	-	106
Foreign tax on income for the year	1,184	692
Total current tax	1,184	798
Deferred tax		
Origination and reversal of timing differences	255	(181)
Adjustment relating to prior year	4	13
Effect of changes in rates	(3)	13
Total deferred tax	256	(155)
Tax on profit on ordinary activities	1,440	643

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

10. Taxation (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax was 20.25% (2014: 21.49%). 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:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(18,808)	(18,524)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	(3,809)	(3,981)
Effects of:		
Impairment of balances due from related parties	3,075	3,905
Non-taxable income for tax purposes	-	(45)
Non-deductible expenses for tax purposes	-	137
Adjustments to tax charge in respect of prior periods	5	131
Group relief claimed	-	(49)
Tax rate changes	(3)	-
Deferred tax not recognised	1,197	-
Impact of overseas taxation	975	545
Total tax charge for the year	1,440	643

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

11. Intangible fixed assets

	Goodwill £'000	Licences £'000	Total £'000
Cost			
At 1 January 2015	1,054	2,854	3,908
Additions	216	-	216
Disposals	-	(45)	(45)
At 31 December 2015	1,270	2,809	4,079
Amortisation			
At 1 January 2015	409	1,476	1,885
Charge for the year	136	379	515
Amortisation on disposals	-	(23)	(23)
At 31 December 2015	545	1,832	2,377
Net book value			
At 31 December 2015	725	977	1,702
At 31 December 2014	645	1,378	2,023

12. Tangible fixed assets

	Furniture, fittings and equipment £'000	Tenant improvements £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2015	754	1,661	2,898	5,313
Additions	1	10	179	190
Disposals	-	-	(4)	(4)
At 31 December 2015	755	1,671	3,073	5,499
Depreciation				
At 1 January 2015	596	964	2,359	3,919
Charge for the year	82	146	392	620
Disposals	-	-	(2)	(2)
At 31 December 2015	678	1,110	2,749	4,537
Net book value				
At 31 December 2015	77	561	324	962
At 31 December 2014	158	697	539	1,394

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

12. Tangible fixed assets (continued)

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

	2015 £'000	2014 £'000
Computer equipment	108	81
Tenant improvements	-	-
	<u>108</u>	<u>81</u>

13. Investments

	Investments in subsidiaries £'000	Investments in joint ventures £'000	Total £'000
Cost at 1 January 2015	539	2,801	3,340
Provision for impairment (note 5)	-	(1,664)	(1,664)
Net book value			
At 31 December 2015	<u>539</u>	<u>1,137</u>	<u>1,676</u>
At 31 December 2014	<u>539</u>	<u>2,801</u>	<u>3,340</u>

Subsidiary undertakings

Name of company	Country of incorporation	Nature of business	Proportion of ordinary shares held
Xodus Group Inc	USA	Oil and gas consulting	100%
Xodus Group BV	Netherlands	Non-trading	100%
Xodus Group A/S	Norway	Oil and gas consulting	100%
Xodus Group Pty	Australia	Oil and gas consulting	100%
Xodus Group DMCC	United Arab Emirates	Oil and gas consulting	100%
Xodus Oil and Gas Consultants (PTY) Limited	South Africa	Non-trading	100%

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

13. Investments (continued)

Joint ventures

Name of company	Country of incorporation	Nature of business	Proportion of ordinary shares held
XMOS Africa Limited	Nigeria	Oil and gas consultancy	49%
Xodus Subsea Limited	Scotland	Subsea consultancy	40%

14. Debtors

	2015 £'000	2014 £'000
Trade debtors	4,486	8,304
Amounts owed by group undertakings	-	9,329
Amounts owed by related parties	3,998	476
Prepayments and accrued income	4,217	6,082
Other debtors	35	446
Deferred tax asset (note 18)	-	256
	<u>12,736</u>	<u>24,893</u>

Amounts owed by group undertaking are interest free and repayable on demand. As at 31 December 2015 as a part of the wider group restructuring process £13,924,000 owed by fellow companies were forgiven by the company (note 5).

15. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Finance lease obligations (note 17)	203	221
Invoice discounting (note 17)	1,909	3,121
Trade creditors	1,265	3,184
Amounts owed to group undertakings	633	27,197
Amounts owed to related parties	5,476	13
Social security and other taxes	985	1,067
Corporation tax	-	29
Accruals and deferred income	2,063	2,770
Holiday pay accrual	155	152
Deferred consideration	-	329
	<u>12,689</u>	<u>38,083</u>

The invoice discounting advance is secured over the associated trade debtors.

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

15. Creditors: amounts falling due within one year (continued)

Amounts owed to group undertakings mainly represent amounts due to the immediate parent company, are interest free and repayable on demand. As at 31 December 2015 as a part of the wider group restructuring process £30,932,000 owed by the company were forgiven by the intermediate parent (note 25). The respective gain was recognised as other comprehensive income.

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

	2015 £'000	2014 £'000
Finance lease obligations (note 17)	145	233
	<u>145</u>	<u>233</u>

17. Borrowings

	2015 £'000	2014 £'000
Total borrowings:		
Invoice discounting advance	1,909	3,121
Finance leases obligations	348	454
	<u>2,257</u>	<u>3,575</u>
	2015 £'000	2014 £'000
The total borrowings above are repayable as follows:		
Within one year	2,112	3,342
Between one and two years	135	153
Between two and five years	10	80
	<u>2,257</u>	<u>3,575</u>

Finance lease obligations are secured over the relevant asset.

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

18. Deferred tax asset

	2015 £'000	2014 £'000
At 1 January	256	101
(Charge)/credit in year	(252)	168
Adjustment in respect of prior years	(4)	(13)
At 31 December	-	256

The deferred tax asset is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	-	157
Short term timing differences	-	99
	-	256

A deferred tax asset amounting to £1,064,000 (2014: nil) is not recognised as its recoverability is dependent on future profitability.

19. Provisions for liabilities

	Onerous lease £'000	Total £'000
At 1 January 2015	-	-
Charged to the profit and loss account	244	244
At 31 December 2015	244	244

20. Called up share capital and reserves

	2015 £'000	2014 £'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
	235	235

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 Ordinary B shares have right to repayment in advance of the Ordinary A shares of the sum of £4.28 per share. Thereafter, 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.

Xodus Group Limited

Notes to the financial statements (continued) **For the year ended 31 December 2015**

20. Called up share capital and reserves (continued)

The company's other reserves are as follows:

The share premium reserve represents the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative losses.

Other reserves represents the gain from debts forgiven by the immediate parent company.

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 £1,582,087 (2014: £2,153,000). At 31 December 2015 contributions of £129,843 (2014: £160,000) were outstanding.

22. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Expiry date:				
Within 1 year	1,482	1,542	103	155
Between 2 and 5 years	3,253	4,494	-	-
After more than 5 years	450	665	-	-
	<u>5,185</u>	<u>6,701</u>	<u>103</u>	<u>155</u>

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

23. Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 102 with regard to non-disclosure of transactions between wholly owned group companies.

The total remuneration for key management personnel of the company is disclosed in note 7. The company considers key management personnel to be directors.

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

Related party	Relationship	2015		2014	
		Sales £'000	Purchases £'000	Sales £'000	Purchases £'000
Chiyoda Corporation	Ultimate parent party	2,739	59	406	201
United Resources Limited	Immediate parent owning 9.9% interest	18	1,459	18	2,198
Xodus Subsea Limited	Joint venture	3,914	5,448	475	495
Xmos Africa Limited	Joint venture	33	-	40	12
		<u>6,704</u>	<u>6,966</u>	<u>939</u>	<u>2,906</u>

In addition to trading activities summarised above, the following transactions were performed with related parties during the year:

The company recovered £293,000 from United Resources Ltd (2014: advanced £149,000),

The company advanced a further £114,000 (2014: £669,000) to XMOS Africa Limited, a 49% owned joint venture.

The company acquired consulting services amounting to £82,000 (2014: nil) from a company related to one of the company directors.

The following balances were outstanding at the end of the year on the transactions with related parties:

Related party	Type of balance	2015		2014	
		Due from £'000	Due to £'000	Due from £'000	Due to £'000
Xodus Subsea Limited	Trade balances	3,815	5,476	-	13
United Resources Limited	Loans to related party	183	-	476	-
XMOS Africa Limited	Loans to related party	114	-	4,142	-
		<u>4,112</u>	<u>5,476</u>	<u>4,618</u>	<u>13</u>

At 31 December 2015 and 2014 amounts due from XMOS Africa Limited were fully provided.

Xodus Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2015

24. Explanation of transition to FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the period ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, the previously reported shareholders' funds/deficit at 31 December 2013 and 31 December 2014 and result for the year ended 31 December 2014 was restate as follows:

Reconciliation of shareholders' funds/(deficit)	At 1 January 2014 £	At 31 December 2014 £
Equity reported under previous UKGAAP	12,771	(6,396)
Adjustments to shareholders' funds on transition to FRS 102		
Holiday pay accrual ⁽¹⁾	(176)	(152)
Equity reported under FRS 102	12,595	(6,548)
Reconciliation of loss for 2014		£'000
Loss for the financial year under previous UK GAAP		(19,167)
Holiday pay gain		24
Loss for the financial year under FRS 102		(19,143)

⁽¹⁾ FRS102 requires the costs of accumulated compensated absences to be recognised when the employee renders service that creates entitlement for future compensated absences. Previous UK GAAP did not contain explicit requirement on provisions for accrued vacation days and holidays.

25. Events after the balance sheet date

Exit from XMOS Africa Limited ("XMOS")

In April 2016 the company intimated their intent to withdraw from their interest in XMOS.

26. 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, a company registered in Japan. 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 a controlling party.