

Energy Resourcing Europe Limited

Report and Financial Statements

30 June 2018

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COMPANIES HOUSE

Directors

S Macgloin
J Gabb

Secretary

V Jibuike

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

HSBC Bank Plc
62-76 Park Street
London
SE1 9DZ

Registered Office

27 Great West Road
Brentford
Middlesex TW8 9BW

Registered No. 7623161

Strategic report

The directors present their strategic report for the year ended 30 June 2018.

Review of the business

A summary of the results is as follows:

	2018 £000	2017 £000
Revenue	49,737	40,590
EBIT	1,681	1,160
EBIT margin	3.4%	2.9%
Profit before taxation	1,622	1,108
Average monthly number of employees	13	11
Debt ratio (total liabilities/total assets)	0.93	0.92
Average debtor days	45	44

With the increase in the oil price, management is optimistic of increased activity in the hydrocarbons sector from FY2019. Efforts to diversify the business into the chemicals sector and other power generation sectors (Nuclear and Renewables) are ongoing; as is management's efforts to further develop the international footprint of the business.

Principal risks and uncertainties

The company's principal risks can broadly be defined as commercial risk and financial instruments risk (see Directors' report). The company recognises the need to manage the material business risks. The internal audit and risk management functions provide assurance that both the risk management process and the internal control framework are operating effectively.

On behalf of the Board



S Macgloin

Director

Date 28/9/2018

Registered No. 7623161

Directors' report

The directors present their report and financial statements for the year ended 30 June 2018.

Results and dividends

The profit for the year after taxation amounted to £1,314,000 (2017: £889,000). The directors have declared a dividend of £1,250,000 (2017: £1,000,000).

Principal activity

The principal activity of the company during the year was the provision of contractor management services to engineering contractor organisations and oil companies in Europe.

Future developments

The directors work closely with management to anticipate risks from economic or global factors and plan accordingly. In response to the shift in market conditions we have ensured that our personnel numbers and costs are in line with demand and reviewed all internal costs. The directors are confident that our medium-term and long-term prospects remain positive based on our competitive position and our strong financial capacity.

Financial risk management

The company has established risk and financial management policies which are designed to reduce the uncertainty that known risks may create in the achievement of the company's performance objectives. This framework aims to limit undue counterparty exposure, to ensure suitable levels of working capital are maintained, and to monitor and manage risk at both a corporate and individual contract level. Financial instruments comprise cash, debtors and creditors.

Exposure to price and cash flow risk

Price risks are managed through the commercial process. Cash flow risk is the risk of exposure to variability in cash flows and this is managed by cash flow forecasting as part of the financial disciplines adhered to by the company.

Exposure to credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company's policies are aimed at minimising such a risk by conducting credit checks where appropriate and by other established credit control procedures. Details of the company's debtors are shown in Note 8.

Exposure to liquidity risk

Liquidity risk is the risk that an entity may encounter difficulties in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by having a strong positive cash flow, even after payment of dividends, and by maintaining sufficient cash balances to manage liquidity risk.

Going concern

The company is in a net asset position at 30 June 2018. The directors have reviewed the company's forecast cash flows and as a result of this, the directors have concluded that the company is able to meet its liabilities as they fall due and will remain in existence for the foreseeable future. Consequently, the financial statements have been prepared on a going concern basis.

Directors' report (continued)

Directors

The directors who served the company during the year and up to the date of signing the financial statements were as follows:

S Macgloin

J Gabb (appointed 30 April 2018)

M Sterling (resigned 30 April 2018)

None of the directors had any personal or beneficial interest in the shares of the company or any other group undertaking.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



S Macgloin

Director

Date 28/9/2018

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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, 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 ENERGY RESOURCING EUROPE LIMITED

Opinion

We have audited the financial statements of Energy Resourcing Europe Limited for the year ended 30 June 2018 which comprise the Statement of comprehensive income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Statement of directors' responsibilities (continued)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERGY RESOURCING EUROPE LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

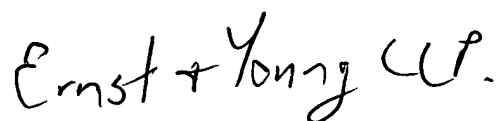
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Statement of directors' responsibilities (continued)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERGY RESOURCING EUROPE LIMITED (CONTINUED)

Use of our report

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.

A handwritten signature in black ink that reads "Ernst & Young LLP." The signature is written in a cursive, flowing style.

Peter McIver (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 1/10/2018

Statement of comprehensive income

for the year ended 30 June 2018

		2018	2017
	Notes	£000	£000
Turnover	2	49,737	40,590
Cost of sales		(46,887)	(38,407)
Gross profit		2,850	2,183
Administrative expenses		(1,169)	(1,023)
Operating profit	3	1,681	1,160
Interest payable and similar charges	5	(59)	(52)
Profit on ordinary activities before taxation		1,622	1,108
Tax	7	(308)	(219)
Profit for the financial year		1,314	889
Other comprehensive income		–	–
Total comprehensive income for the financial year		1,314	889

All results are from continuing operations.

Statement of Financial Position

at 30 June 2018

	Notes	2018 £000	2017 £000
Current assets			
Debtors	8	6,320	4,902
Cash at bank and in hand		18	18
		<u>6,338</u>	<u>4,920</u>
Creditors: amounts falling due within one year	9	<u>(5,879)</u>	<u>(4,525)</u>
Net current assets		<u>459</u>	<u>395</u>
Total assets less current liabilities		<u>459</u>	<u>395</u>
Net assets		<u>459</u>	<u>395</u>
Capital and reserves			
Called-up share capital	10	–	–
Profit and loss account		459	395
Shareholder's funds		<u>459</u>	<u>395</u>

The financial statements were approved by the board of directors and authorised for issue on 28/9 2018 and are signed on its behalf by:



S Macgloin

Director

Statement of changes in equity

for the year ended 30 June 2018

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share- holder's funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 July 2016	–	506	506
Total comprehensive income for the year	–	889	889
Dividends declared (note 11)	–	(1,000)	(1,000)
At 30 June 2017	–	395	395
Total comprehensive income for the year	–	1,314	1,314
Dividends declared (note 11)	–	(1,250)	(1,250)
At 30 June 2018	–	459	459

Notes to the financial statements

at 30 June 2018

1. Accounting policies

General information

Energy Resourcing Europe Limited is a company incorporated in England 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 directors' report on page 3.

Basis of preparation and statement of compliance with FRS 102

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS 102), under the historical cost convention and in accordance with the Companies Act 2006.

The presentation and functional currency of the Company is Pounds Sterling because that is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The principal accounting policies adopted by the Company in preparing the financial statements are set out below.

Under the provision of FRS 102, the Company meets the definition of a qualifying entity and has adopted the section 1.12 disclosure exemptions not to:

- provide a reconciliation of the number of shares outstanding at the beginning and end of the year;
- prepare a statement of cash flows; and
- disclose key management personnel compensation.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no significant judgments and estimates affecting the amounts recognised in the financial statements.

Going concern

The company is in a net asset position as at 30 June 2018. The directors have reviewed the company's forecast future cash flows and as a result of this, the directors have concluded that the company is able to meet its liabilities as they fall due and will remain in existence for the foreseeable future. Consequently the financial statements have been prepared on a going concern basis.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value based on prices prevailing at the date of acquisition, evenly over the useful economic life of that asset as follows:

Office equipment	–	straight-line over 3 years
Software	–	straight-line over 3 years

Debtors

Debtors with no stated interest rate and which are receivable within one year are recorded at transaction price. Any losses from impairment are recognised in the statement of comprehensive income within administrative expenses.

Cash

Cash comprises cash in hand and balances with banks.

Notes to the financial statements

at 30 June 2018

1. Accounting policies (continued)

Creditors

Creditors with no stated interest rate and which are payable within one year are recorded at transaction price.

Share capital

Shares issued by the Company are recorded as the proceeds received from the issue of shares, net of direct issue costs.

Revenue recognition

Revenue represents amounts invoiced and to be invoiced in respect of services provided in the period to third parties and other group companies.

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue, in respect of services provided in the period is measured by reference to labour hours chargeable to clients. Revenue not invoiced to customers in respect of services provided in the period is included in accrued income.

Cost of sales

Cost of sales consists primarily of direct labour and subcontractors (i.e. engineers' time) all of which are recognised on an accruals basis.

Administrative expenses

Administrative expenses consist primarily of staff costs, rental, office supplies, and corporate professional expenses, all of which are recognised on an accruals basis, including depreciation.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the rate of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is included as an exchange gain or loss in the statement of comprehensive income.

Pensions

The company is part of a defined contribution Group Personal Pension (GPP) arrangement administered by an external provider. Contributions based on basic earnings for the current period are paid by the employee with employer contributions charged to the profit and loss account in the period that they are due.

Taxation

Current tax, including UK corporation 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Notes to the financial statements

at 30 June 2018

2. Turnover

Turnover comprises the value of work performed (excluding VAT and similar taxes). The analysis of turnover by geographical market is given below:

	2018 £000	2017 £000
UK	48,793	40,475
Rest of Europe	855	10
Rest of the world	89	105
	<u>49,737</u>	<u>40,590</u>

3. Operating profit

This is stated after charging:

	2018 £000	2017 £000
Auditors' remuneration – audit of the financial statements	10	10
Depreciation of owned fixed assets	<u>–</u>	<u>2</u>

4. Directors' remuneration

The directors' remuneration in respect of qualifying services was:

	2018 £000	2017 £000
Remuneration	162	222
Company contributions to defined contribution pension schemes	12	12
	<u>174</u>	<u>234</u>

The remuneration of the highest paid director is £174,000 (2017: £234,000).

	No.	No.
The number of directors who accrued benefits under company defined contribution pension schemes:	<u>1</u>	<u>1</u>

5. Interest payable and similar charges

	2018 £000	2017 £000
Interest payable on loan from group undertakings	<u>59</u>	<u>52</u>

Notes to the financial statements

at 30 June 2018

6. Staff costs

The aggregate payroll costs were:

	2018 £000	2017 £000
Wages and salaries	659	637
Social security costs	91	72
Other pension costs	44	21
	<u>794</u>	<u>730</u>

The average monthly number of employees during the year was made up as follows:

	2018 No.	2017 No.
Operations	10	9
Administration	3	2
	<u>13</u>	<u>11</u>

7. Tax

(a) Tax on profit on ordinary activities

	2018 £000	2017 £000
<i>Tax charge:</i>		
Total tax charge (note 7(b))	<u>308</u>	<u>219</u>

(b) Factors affecting the total tax charge for the year.

The tax assessed for the year is equal to (2017: equal) the standard rate of corporation tax in the UK of 19% (2017: 19.75%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	<u>1,622</u>	<u>1,108</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.75%)	308	219
Total tax charge for the year (note 7(a))	<u>308</u>	<u>219</u>

(c) Factors that may affect future tax charges

The standard rate of UK corporation tax is 19% in the year. Accordingly, the Company's profits for the accounting period are taxed at this rate. The corporation tax rate will reduce to 17% from 1 April 2020. As at the balance sheet date this future tax reduction has been enacted and hence in accordance with accounting standards the effect has been reflected in the Company's financial statements as at 30 June 2018. The rate change will impact the amount of future tax payments to be made by the company.

Notes to the financial statements

at 30 June 2018

8. Debtors

	2018	2017
	£000	£000
Trade debtors	607	87
Amounts owed by group undertakings	5,701	4,806
Prepayments	12	9
	<u>6,320</u>	<u>4,902</u>

9. Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	1,214	1,559
Corporation tax payable	526	413
Other taxation and social security costs	265	237
Accruals and deferred income	624	149
Amounts owed to group undertakings	3,250	2,167
	<u>5,879</u>	<u>4,525</u>

10. Issued share capital

	2018		2017	
<i>Allotted, called up and fully paid</i>	No.	£	No.	£
Ordinary shares of £1 each	1	<u>1</u>	1	<u>1</u>

11. Dividends

The aggregate amount of dividends comprises:

	2018	2017
	£000	£000
Dividends declared on ordinary shares	<u>1,250</u>	<u>1,000</u>

12. Related party transactions

The company has adopted the exemption in section 33.1A of FRS 102 not to disclose related party transactions between members of a group provided any subsidiary party to the transactions is wholly owned by such a member.

13. Ultimate parent undertaking and controlling party

The immediate parent undertaking of Energy Resourcing Europe Limited is WorleyParsons EA Holdings Pty Limited, a group undertaking incorporated in Australia. The ultimate parent undertaking and controlling party of Energy Resourcing Europe Limited is WorleyParsons Limited, a company incorporated in Australia.

WorleyParsons Limited is the parent undertaking of both the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of its group financial statements are available from Investor Relations Department, WorleyParsons Limited, PO Box 1812, North Sydney, NSW 2059 Australia.