

Energy Resourcing Europe Limited

Report and Financial Statements

30 June 2016

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COMPANIES HOUSE

Directors

S Macgloin
C Ashton
M Sterling

Secretary

B Connell (resigned 30 April 2016)
V Jibuike (appointed 30 April 2016)

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 2016.

Review of the business

A summary of the results is as follows:

	2016 £000	2015 £000
Revenue	40,891	35,008
EBIT	1,032	712
EBIT margin	2.5%	2%
Profit before taxation	974	705
Average monthly number of employees	14	14
Debt ratio (total liabilities/total assets)	0.85	0.74
Average debtors days	12	17

The oil and gas sector is contracting in line with the drop in oil and gas prices. However, creating initiatives to increase revenues through closer relationships with key clients increases confidence that the business will continue to grow.

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



C Ashton
Director

Date 26 October 2016

Registered No. 7623161

Directors' report

The directors present their report and financial statements for the year ended 30 June 2016.

Results and dividends

The profit for the year after taxation amounted to £779,000 (2015: £559,000). The directors have declared a dividend of £1,000,000 (2015: £nil).

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 9.

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 2016. 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

C Ashton

M Sterling (appointed 30 April 2016)

B Connell (resigned 30 April 2016)

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



C Ashton

Director

Date

26 October 2016

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 (continued)

to the members of Energy Resourcing Europe Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Peter McIver (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date 31 October 2016

Independent auditor's report

to the members of Energy Resourcing Europe Limited

We have audited the financial statements of Energy Resourcing Europe Limited for the year ended 30 June 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14. 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 to the UK and Republic and 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 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. 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard' applicable to the UK and Republic of Ireland; 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 Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Statement of comprehensive income

for the year ended 30 June 2016

	<i>Notes</i>	<i>2016</i> <i>£000</i>	<i>2015</i> <i>£000</i>
Turnover	2	40,891	35,008
Cost of sales		(38,777)	(33,259)
Gross profit		2,114	1,749
Administrative expenses		(1,082)	(1,037)
Operating profit	3	1,032	712
Interest payable and similar charges	5	(58)	(7)
Profit on ordinary activities before taxation		974	705
Tax	7	(195)	(146)
Profit for the financial year		779	559
Other comprehensive income		–	–
Total comprehensive income for the financial year		<u>779</u>	<u>559</u>

All results are from continuing operations.

Balance sheet

at 30 June 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Tangible assets	8	2	1
Current assets			
Debtors	9	3,258	2,712
Cash at bank and in hand		18	17
		3,276	2,729
Creditors: amounts falling due within one year	10	(2,772)	(2,003)
Net current assets		504	726
Total assets less current liabilities		506	727
Net assets		506	727
Capital and reserves			
Called-up share capital	11	—	—
Profit and loss account		506	727
Shareholder's funds		506	727

The financial statements were approved by the board of directors and authorised for issue on 26 October 2016 and are signed on its behalf by:

C Ashton
Director

Statement of changes in equity

for the year ended 30 June 2016

	<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 2014	–	168	168
Total comprehensive income for the year	–	559	559
At 30 June 2015	–	727	727
Total comprehensive income for the year	–	779	779
Dividends declared (note 12)		(1,000)	(1,000)
At 30 June 2016	–	506	506

Notes to the financial statements

at 30 June 2016

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) and under the historical cost convention in accordance with the Companies Act 2006. This is the first year that the Company has presented its financial statements under FRS 102. The last financial statements under previous UK GAAP were for the year ended 30 June 2015 and the date of transition to FRS 102 was therefore 1 July 2014. The transition to FRS 102 had no impact on the reported financial performance and financial position of the company at the transition date and in the prior year.

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 2016. 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.

Notes to the financial statements

at 30 June 2016

1. Accounting policies (continued)

Cash

Cash comprises cash in hand and balances with banks.

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 2016

2. Turnover

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

	2016 £000	2015 £000
UK	40,481	33,619
Rest of Europe	328	1,389
Rest of the world	82	–
	<u>40,891</u>	<u>35,008</u>

3. Operating profit

This is stated after charging:

	2016 £000	2015 £000
Auditors' remuneration – audit of the financial statements	10	10
Depreciation of owned fixed assets	<u>1</u>	<u>1</u>

4. Directors' remuneration

The directors' remuneration in respect of qualifying services was:

	2016 £000	2015 £000
Remuneration	183	203
Company contributions to defined contribution pension schemes	<u>12</u>	<u>12</u>
	<u>195</u>	<u>215</u>

The remuneration of the highest paid director is £195,000 (2015: £215,000).

	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

	2016 £000	2015 £000
Interest payable on loan from group undertakings	<u>58</u>	<u>7</u>

Notes to the financial statements

at 30 June 2016

6. Staff costs

The aggregate payroll costs were:

	2016 £000	2015 £000
Wages and salaries	621	647
Social security costs	75	66
Other pension costs	53	27
	<u>749</u>	<u>740</u>

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

	2016 No.	2015 No.
Operations	12	12
Administration	2	2
	<u>14</u>	<u>14</u>

7. Tax

(a) Tax on profit on ordinary activities

2016 £000	2015 £000
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Tax charge:

Total tax charge (note 7(b))	<u>195</u>	<u>146</u>
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(b) Factors affecting the total tax charge for the year.

The tax assessed for the year is equal to (2015: equal) the standard rate of corporation tax in the UK of 20% (2015: 20.75%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>974</u>	<u>705</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.75%)	195	146
Total tax charge for the year (note 7(a))	<u>195</u>	<u>146</u>

(c) Factors that may affect future tax charges

The UK Corporation tax rate reduced to 20% from 1 April 2015. Further reductions were proposed in the July 2015 and March 2016 budgets taking the rate to 19% from April 2017 and 17% from April 2020. The effect on the Company of the proposed reductions in the UK Corporation tax rate will be reflected in the Company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

Notes to the financial statements

at 30 June 2016

8. Tangible fixed assets

	<i>Office equipment and software</i> £000	<i>Total</i> £000
Cost:		
At 1 July 2015	12	12
Additions	2	2
At 30 June 2016	<u>14</u>	<u>14</u>
Depreciation:		
At 1 July 2015	11	11
Charge for the year	1	1
At 30 June 2016	<u>12</u>	<u>12</u>
Net book value:		
At 30 June 2016	<u>2</u>	<u>2</u>
At 30 June 2015	<u>1</u>	<u>1</u>

9. Debtors

	<i>2016</i> £000	<i>2015</i> £000
Trade debtors	179	855
Amounts owed by group undertakings	3,070	1,857
Prepayments	9	—
	<u>3,258</u>	<u>2,712</u>

10. Creditors: amounts falling due within one year

	<i>2016</i> £000	<i>2015</i> £000
Trade creditors	1,243	1,481
Corporation tax payable	340	145
Other taxation and social security costs	123	228
Accruals and deferred income	66	149
Amounts owed to immediate parent undertaking	1,000	—
	<u>2,772</u>	<u>2,003</u>

11. Issued share capital

	<i>2016</i>	<i>2015</i>
<i>Allotted, called up and fully paid</i>	<i>No.</i> <i>£</i>	<i>No.</i> <i>£</i>
Ordinary shares of £1 each	1 <u>1</u>	1 <u>1</u>

Notes to the financial statements

at 30 June 2016.

12. Dividends

The aggregate amount of dividends comprises:

	2016	2015
	£000	£000
Dividends declared on ordinary shares	1,000	—

13. 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.

14. 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.