

Company Registration No. 01231037

Atlas Interactive Limited

Report and Financial Statements

for the year ended 30 September 2012



Atlas Interactive Limited

Report and financial statements 2012

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Atlas Interactive Limited

Report and financial statements 2012

Officers and professional advisers

Directors

J McCann
H Van Der Vossen
J Rowley
K Short

Secretary

J McCann

Registered office

Broadgate Tower
Primrose Street
London
EC2A 2EW

Banker

Lloyds TSB Scotland
1st Floor, Corporate Banking
4/5 Union Terrace
Aberdeen
AB10 1NJ

Solicitor

Dickson Minto W S
16 Charlotte Square
Edinburgh
EH2 4DF

Independent Auditor

Deloitte LLP
Aberdeen, UK

Atlas Interactive Limited

Directors' report

The directors present their report together with the financial statements for the year ended 30 September 2012

Principal activities

The principal activity of the company is the development and marketing of E-Learning to the oil and gas industry

Atlas is one of the leading providers of learning technologies to the oil and gas industry, with one of the largest portfolios of e-learning content, covering health, safety, environment and technical subjects

The company's revenues are predominately delivered through the licensing of its off-the shelf library of over 230 courses and the development of bespoke customized courses for its energy sector clients

The group delivers its services in over 30 countries and has a global client base of over 200 companies, including International Oil Companies such as BP, Chevron, ConocoPhillips, Exxon, Shell and Total, National Oil Companies such as ADNOC and Qatar Petroleum and Service companies such as Amec and Schlumberger

Atlas operates in a large global Oil and Gas training market, estimated at £4 billion per year (industry reports and company data), where an increasing share of budgets are from learning technology and e-learning solutions. The company has identified the following favourable medium and long term trends to support its growth plans

- Regulatory driven demand for HSE training,
- Increased global learning and development spends,
- Increased market share of e-learning services,
- Employment growth and skill shortages,
- International footprint of operators and increasing requirement for national training,
- Increased requirement for technical qualifications and apprenticeships, and
- Increased demand for skilled workers has increased churn rates as workers move internationally to maximise benefits

Results and business review

The profit for the financial year amounted to £1,721,380 (2011 £ 1,249,014)

Revenue increased by 18% to £8.6 million. Content licence sales increased by 11%, benefitting from increased sales to existing clients and over 25 new client acquisitions. Bespoke sales increased by 78%, largely as a result of two large multi-year bespoke training and competency contracts with major IOCs in the USA and Asia Pacific (to build over 120 courses in the year and a series of induction multi-media courses) and booked £2.7 million in sales in the year.

Sales from International Oil Companies increased by 78%

Gross profit increased by 18%. Gross margins remained at 56%

EBITDA increased by 52% to £2,029,938 (2011 £1,453,578). EBITDA margins increased to 26% from 20% in 2011.

Operating profit increased to £1,959,548 from £1,297,578 in 2011 primarily due to increased sales and consistent gross margins.

Atlas Interactive Limited

Directors' report

Results and business review (continued)

The board is confident that operating profits will continue grow in financial year 2013 and this has been evident in the year to date trading performance at December 2012, which is ahead of the same period last year

Going concern

The company is a subsidiary of a group that is financed through a combination of bank term loans, shareholder loan notes and equity share capital, in addition to the cash flow that the group generates from its principal trading activities. The group's bank term loans are structured to amortise over a series of repayments through to 30 September 2015 and 30 November 2015. They are subject to a number of financial covenants, measured quarterly, that are linked to the underlying trading performance and cash flow generation of the group.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group is able to operate within the conditions of the financial covenants attaching to its revised bank term loan facilities. The directors, therefore, have a reasonable expectation that the group and the company have adequate financial resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

Financial risk management objectives and policies

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

Cash flow risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company does not consider it efficient to hedge its exposure to changes in foreign currency exchange rates.

Credit risk

The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments the company manages its cash flow professionally. Cash flow is reviewed by the board each month as reporting is an integral part of the monthly board pack.

Dividends

The directors do not propose a dividend (2011: £nil)

Directors

The directors, who served throughout the year and to the date of this report were as follows:

H Van Der Vossen

J McCann

J Rowley

A Imrie (resigned 26 September 2012)

K Short (appointed 10 September 2012)

Political and charitable contributions

During the period the company made charitable contributions of £2,798 (2011: £2,161) and no political contributions (2011: £nil).

Atlas Interactive Limited

Directors' report (continued)

Auditor

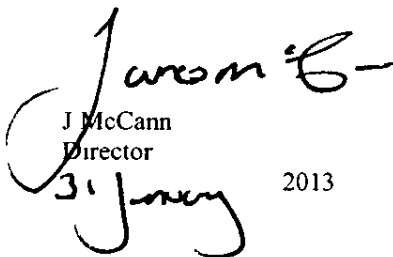
Each of the persons who is a director at the date of approval of this report confirms that

- 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 ought to have taken as a director in order to make himself 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 expressed 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 and signed on its behalf by


J McCann
Director
31 January 2013

Atlas Interactive Limited

Directors' responsibilities statement

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 judgements and accounting estimates that are reasonable and prudent, 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 Atlas Interactive Limited

We have audited the financial statements of Atlas Interactive Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 30 September 2012 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.

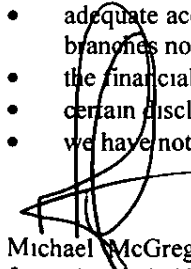
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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.



Michael McGregor ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom
31 January 2013

Atlas Interactive Limited

Profit and loss account For the year ended 30 September 2012

	Note	2012 £	2011 £
Turnover	2	8,567,832	7,281,216
Cost of sales		(3,739,065)	(3,174,018)
Gross profit		4,828,767	4,107,198
Administrative expenses		(2,818,913)	(2,818,459)
Other operating (expenses)/income		(50,306)	8,839
Operating profit	3	1,959,548	1,297,578
Interest payable and similar charges	5	(15,723)	(29,172)
Profit on ordinary activities before taxation		1,943,825	1,268,406
Tax on profit on ordinary activities	6	(222,445)	(19,392)
Profit for the financial year	12	1,721,380	1,249,014

All of the company's activities in the current and prior year relate to continuing operations

The company has no recognised gains and losses for the current and preceding period. Accordingly, no Statement of Total Recognised Gains and Losses has been presented.

Atlas Interactive Limited

Balance sheet

As at 30 September 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	7	247,892	338,209
Tangible assets	8	1,392,815	1,440,062
		<u>1,640,707</u>	<u>1,778,271</u>
Current assets			
Debtors	9	7,465,584	5,928,272
Cash at bank and in hand		1,272,641	798,797
		<u>8,738,225</u>	<u>6,727,069</u>
Creditors: amounts falling due within one year	10	<u>(1,418,607)</u>	<u>(1,266,395)</u>
Net current assets		<u>7,319,618</u>	<u>5,460,674</u>
Net assets		<u>8,960,325</u>	<u>7,238,945</u>
Capital and reserves			
Called-up share capital	11	40,000	40,000
Profit and loss account	12	8,920,325	7,198,945
Shareholders' funds	13	<u>8,960,325</u>	<u>7,238,945</u>

The financial statements of Atlas Interactive Limited, registered number 01231037, were approved by the board of directors and authorised for issue on 31 January 2013

They were signed on its behalf by


J. McCann
Director

Atlas Interactive Limited

Notes to the financial statements Year ended 30 September 2012

1. Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding period.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

Going concern

The company's business activities, together with the factors likely to affect its future prospects, are discussed in the directors' report on page 3. After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Cash flow statement

The company has taken advantage of the exemption within FRS1 "Cash Flow Statements (revised) 1996" and has not prepared a cash flow statement on the grounds that the company is a wholly owned subsidiary of a parent undertaking which produces consolidated financial statements including a consolidated cash flow statement dealing with the cash flows of the company, which are publicly available.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Leases

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

Intangible assets – 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 viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is between eighteen and thirty-six months. Provision is made for any impairment.

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2012

1. Principal accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life, as follows

Buildings	2% per annum
Computer equipment	33⅓% per annum
Office equipment	15% per annum
Motor vehicles	33% per annum
Property improvements	10% per annum

Residual value is calculated on prices prevailing at the date of acquisition or revaluation

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 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

A net deferred tax asset is regarded as recoverable and therefore 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 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. Deferred tax is measured on a non-discounted basis

2. Turnover

In the year to 30 September 2012, 57% (2011: 42%) of the company's turnover was to markets outside the United Kingdom

No further segmental analysis of turnover is provided as the directors believe this could be prejudicial to the best interests of the company

3. Operating profit

Operating profit is stated after charging/(crediting)

	2012 £	2011 £
Amortisation of intangible assets (note 7)	112,875	417
Depreciation of tangible fixed assets – owned (note 8)	137,515	155,608
Operating lease rentals – other	42,625	42,625
Loss/(gain) on foreign currency exchange	50,306	(9,562)
Fees payable to the company's auditor for		
The audit of the company's annual accounts	22,000	22,000
Tax services	18,500	16,250

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2012

4. Information regarding directors and employees

	2012 £	2011 £
Directors remuneration		
Emoluments	555,000	555,000
Company contributions to money purchase schemes	19,800	19,800
	<u>574,800</u>	<u>574,800</u>
Attributable to the highest paid director		
Emoluments	180,000	180,000
Contributions to money purchase schemes	19,800	19,800
	<u>199,800</u>	<u>199,800</u>
 The number of directors who are members of money purchase schemes	 <u>1</u>	 <u>1</u>

	2012 £	2011 £
Staff costs during the year (including directors)		
Wages and salaries	3,278,412	2,914,765
Social security costs	338,887	286,370
Other pension costs (note 15)	80,874	67,556
	<u>3,698,173</u>	<u>3,268,691</u>

	2012 No.	2011 No.
Average number of persons employed by the company (including directors):		
Operations	49	45
Sales	8	9
Administration	18	10
	<u>75</u>	<u>64</u>

5. Interest payable and similar charges

	2012 £	2011 £
Bank charges	<u>15,723</u>	<u>29,172</u>

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2012

6. Tax on profit on ordinary activities

	2012 £	2011 £
The tax charge comprises		
Current tax		
- Current year	222,445	20,711
- Adjustment in respect of prior years	-	(1,319)
	<u>222,445</u>	<u>19,392</u>
Total charge tax on profit on ordinary activities	<u>222,445</u>	<u>19,392</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>1,943,825</u>	<u>1,268,406</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 25% (2011 27%)	485,956	342,470
Effects of		
Expenses not deductible for tax purposes	14,297	7,084
Capital allowances in excess of depreciation	(6,361)	(16,867)
Movement in short term timing differences	(5,729)	3,244
Group relief claimed	(265,719)	(314,200)
Effects of marginal relief	-	(4,571)
Adjustments to tax charge in respect of previous periods	-	(1,319)
Transfer pricing adjustments	-	3,551
Roundings	1	-
	<u>222,445</u>	<u>19,392</u>
Current tax charge for the year	<u>222,445</u>	<u>19,392</u>

A deferred tax asset amounting to £1,743 (2011 £14,806) for accelerated capital allowances of £300 (2011 £6,035) and short term timing differences of £2,043 (2011 £8,771) has not been recognised in accordance with the accounting policy

The UK Government announced on 21 March 2012 a lower UK Corporate Tax rate of 24% which comes into effect on 1 April 2012. Further rate reductions have been announced for 2013 and 2014 to 23% and 22% respectively. These rates changes will affect the size of the Company's balance sheet deferred tax assets and liabilities in the future.

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Notes to the financial statements (continued) Year ended 30 September 2012

7. Intangible fixed assets

	Development costs £
Cost	
At 1 October 2011	550,562
Additions	22,558
	<hr/>
At 30 September 2012	573,120
	<hr/>
Amortisation	
At 1 October 2011	212,353
Charge for the year	112,875
	<hr/>
At 30 September 2012	325,228
	<hr/>
Net book value	
At 30 September 2012	247,892
	<hr/>
At 30 September 2011	338,209
	<hr/>

8. Tangible fixed assets

	Buildings £	Computer equipment £	Office equipment £	Motor vehicles £	Property improvements £	Total £
Cost						
1 October 2011	1,183,843	1,216,586	135,464	15,318	207,320	2,758,531
Additions	-	78,113	5,703	-	6,452	90,268
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2012	1,183,843	1,294,699	141,167	15,318	213,772	2,848,799
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
1 October 2011	102,488	1,044,355	93,617	15,318	62,691	1,318,469
Charge for the year	23,677	81,333	11,651	-	20,854	137,515
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2012	126,165	1,125,688	105,268	15,318	83,545	1,455,984
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 30 September 2012	1,057,678	169,011	35,899	-	130,227	1,392,815
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2011	1,081,355	172,231	41,847	-	144,629	1,440,062
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2012

9. Debtors

	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	1,648,732	1,388,057
Amounts owed by group companies	5,713,377	4,361,980
Other debtors	1,096	82,760
Prepayments and accrued income	102,379	95,475
	<u>7,465,584</u>	<u>5,928,272</u>

All amounts are repayable on demand No interest is charged on group balances

10. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	421,080	385,142
Amounts owed to group undertaking	9,354	9,354
Corporation tax	221,622	20,712
Other taxation and social security	205,570	256,967
Other creditors	42,322	67,176
Accruals and deferred income	518,659	527,044
	<u>1,418,607</u>	<u>1,266,395</u>

All amounts are repayable on demand No interest is charged on group balances

11. Called-up share capital

	2012 £	2011 £
Allotted, called up and fully paid 40,000 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

12. Reserves

	Profit and loss account £
At 30 September 2011	7,198,945
Profit for the financial year	<u>1,721,380</u>
At 30 September 2012	<u>8,920,325</u>

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2012

13. Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year and net increase to shareholders' funds	1,721,380	1,249,014
Opening shareholders' funds	7,238,945	5,989,931
Closing shareholders' funds	<u>8,960,325</u>	<u>7,238,945</u>

14. Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2012 £	2011 £
Expiry date		
- within one year	13,500	5,400
- after five years	26,425	26,425
	<u>39,925</u>	<u>31,825</u>

15. Pension arrangements

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 charge represents contributions payable by the company to the fund and amounted to £80,874 (2011 £67,556). Contributions totalling £8,882 (2011 £7,416) were payable to the fund at the year end and are included in creditors.

16. Contingent liabilities

The company is a party to a cross guarantee arrangement with certain other group companies in respect of bank borrowings. Total bank borrowings of the group as at 30 September 2012 were £6,100,000 (2011 £7,000,000).

Atlas Interactive Limited

Notes to the financial statements (continued) Year ended 30 September 2012

17. Related party transactions

Certain directors of the ultimate parent company, Atlas Energy Group Limited have charged £95,000 (2011 £95,000), with one receiving a salary of £20,000 (2011 £20,000) in respect of services provided to the company

The company was charged monitoring fees of £39,164 (2011 £37,691) by HG Pooled Management Limited HG Pooled Management Limited is a subsidiary of HG Capital LLP, a 70% shareholder in Atlas Energy Group Limited, an intermediate parent company At 30 September 2012 £nil (2011 £11,750) was due to HG Pooled Management Limited

The company was charged legal fees of £46,782 (2011 £45,260) by Petroweb Solutions Limited Petroweb Solutions Limited is a company owned by a director of the company At 30 September 2012 £16,125 (2011 £11,750) was due to Petroweb Solutions Limited

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 section 3(c) and has not disclosed transactions or balances with entities which form part of the group

18. Parent undertaking

The immediate parent company is Petrolearn Limited, a company incorporated in Scotland

The financial statements of this entity are included in the consolidated financial statements of Atlas Energy Group Limited, the ultimate parent company Copies of the financial statements are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF

The Directors do not consider there to be an ultimate controlling party