

# Neptune TopCo Limited

Annual report and financial statements

Registered number 08676704

31 December 2013

F  
FRIDAY



\*A3L3JQX5\*

A12 21/11/2014 #2

COMPANIES HOUSE

\*A3JOA11E\*

A10 31/10/2014 #223

COMPANIES HOUSE

## **CONTENTS**

Strategic Report	1
Directors' report	2
Statement of Directors' responsibilities in respect of the Directors' and Strategic Report and the Financial Statements	4
Independent auditor's report to the members of Neptune TopCo Limited	5
Consolidated Profit and Loss Account	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Cash Flow Statement	10
Statement of Recognised Gains and Losses	11
Reconciliations of Movements in Shareholders' Funds	12
Notes	13

## STRATEGIC REPORT

### Business Review

These first set of financial statements for Neptune Topco Ltd cover trading activity for the two month period from 31 October 2013 (the date on which the company acquired control of LOC Group Ltd) through to 31 December 2013. The figures therefore only show a partial picture of what was another encouraging year for LOC Group and they include a significant element of non-recurring transaction costs.

### Normalised EBITDA

As a result of the transaction that concluded on 31 October 2013 there were a number of non-recurring deal related costs that were booked through the Profit & Loss account. These costs related to advisors fees and amounted to £1.64m. In order to report the underlying profitability of the business these costs should be added back as follows:

Audited Operating Loss (per page 7)	(£3.153m)
Add back:	
Depreciation	£0.056m
Amortisation charge	£0.907m
Non-recurring deal related costs	£1.64m
Normalised EBITDA	(£0.55m)

During the year the acquired entity, LOC Group Ltd made a normalised EBITDA of £7.79m

### Future Outlook

Looking forward the group is in a particularly strong position to drive growth in all areas. The position is underpinned by a record order book for Marine Warranty Surveyor services. That provides a solid platform on which to base further expansion geographically through new offices and in broadening services offered through our office network. Our target is to more than double our full year revenues and profit over the next five years, as we have done in the last five years.

Given the current level of trading being experienced there is every reason to be confident that the results for 2014 will show a substantial improvement on the 2013 results.

By order of the board

Registered office:  
Ibex House 42-47  
Minories  
London  
EC3N 1DY

Signed by order of the directors



N Butt  
Director

Approved by the director on 30/10/2014

## DIRECTORS' REPORT

The directors have pleasure in presenting their report and the financial statements of the group for the period ended 31 December 2013. The Company was incorporated on 4 September 2013.

### Principal Activities

The principle activity of the group is that of advising and consulting upon all matters affecting the supervision, development, construction, execution and planning of marine, geological and navigational matters, projects and operations of every description in any part of the world.

### Going Concern

The financial statements have been prepared on a going concern basis. The directors consider this to be appropriate because the business has sufficient financial resources to continue to grow and trade profitably. The business is forecasting significant growth in both revenues and profits over the next five years. Cash generation continues to be strong and the group is in compliance with all of its banking covenants

### Employee involvement

During the year, the policy of providing employees with information about the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the group's profit sharing schemes and are encouraged to invest in the group through participation in share options scheme

### Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### Proposed dividend

The directors do not recommend the payment of a dividend.

### Directors

The directors who held office during the period were as follows:

A D Payne	Appointed 3 October 2013	Resigned 28 May 2014
M Kanga	Appointed 3 October 2013	
N Butt	Appointed 31 October 2013	
A J Squire	Appointed 31 October 2013	
D Ballands	Appointed 31 October 2013	
K Reynolds	Appointed 28 May 2014	
R Bidwell	Appointed 13 February 2014	
Travers Smith Ltd	Appointed 4 September 2013	Resigned 3 October 2013
Travers Smith Secretaries Ltd	Appointed 4 September 2013	Resigned 3 October 2013
R Bracken	Appointed 4 September 2013	Resigned 3 October 2013

## DIRECTORS' REPORT (*continued*)

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that [he/ she] ought to have taken as a director to make [himself/ herself] aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

*KPMG LLP was appointed independent auditor during the year Pursuant to section 487 (2) of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.*

By order of the board

Registered office:  
Ibex House 42-47  
Minories  
London  
EC3N 1DY

Signed by order of the directors



**N Butt**  
Director

Approved by the director on 30/10/2014.....

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' AND STRATEGIC REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEPTUNE TOPCO LIMITED**

We have audited the financial statements of Neptune TopCo Limited for the financial period ended 31 December 2013 set out on pages 7 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 4, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's loss for the period then ended;
- have been properly prepared in accordance with UK 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 period for which the financial statements are prepared is consistent with the financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEPTUNE TOPCO LIMITED (continued)

### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

**Adrian Wilcox (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*

8 Salisbury Square  
London  
EC4Y8BB  
United Kingdom

31 October .....2014



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the period ended 31 December 2013

	Note	2013 £
<b>TURNOVER</b>	2	10,852,617
Cost of sales		(12,783,599)
<b>GROSS LOSS</b>		(1,930,982)
Administrative expenses		(1,221,720)
<b>TOTAL OPERATING LOSS</b>		(3,152,702)
Interest receivable and similar income	6	137,466
Interest payable and similar charges	7	(660,081)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	(3,675,317)
Tax on loss on ordinary activities	8	85,489
<b>LOSS FOR THE FINANCIAL PERIOD</b>		(3,589,828)

All activities of the company are classed as continuing.

There are no other recognised gains/losses other than the results set out above.

The notes on pages 13-28 form part of these financial statements

## CONSOLIDATED BALANCE SHEET

at 31 December 2013

	Note	2013 £	2013 £
<b>FIXED ASSETS</b>			
Intangible assets			
Goodwill	10		21,347,465
Other intangible assets	10		7,591,470
Tangible assets	11		770,958
			<hr/>
			29,709,893
<b>CURRENT ASSETS</b>			
Debtors (including £1,833,580 due after more than one period)	13	25,139,375	
Cash at bank and in hand		5,834,917	
		<hr/>	
		30,974,292	
<b>CREDITORS: amounts falling due within one year</b>	14	(22,293,330)	
		<hr/>	
<b>NET CURRENT ASSETS</b>			8,680,962
			<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			38,390,855
			<hr/>
<b>CREDITORS: amounts falling due after more than one year</b>	15		(41,233,952)
			<hr/>
<b>NET LIABILITIES</b>			(2,843,097)
			<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17		1,012,387
Other reserves	18		(265,656)
Profit and loss account	18		(3,589,828)
			<hr/>
<b>SHAREHOLDERS DEFICIT</b>			(2,843,097)
			<hr/> <hr/>

The notes on pages 13 to 28 form part of these financial statements

These financial statements were approved by the board of directors on 30/10/14 and were signed on its behalf by:



**Nadim Butt**  
Director

Registered number 08676704

**COMPANY BALANCE SHEET**  
**at 31 December 2013**

	<i>Note</i>	<b>2013</b> £	<b>2013</b> £
<b>FIXED ASSETS</b>			
Investments	12	270,000	
			<hr/>
			270,000
<b>CURRENT ASSETS</b>			
Debtors	13	33,775,884	
Cash at bank and in hand		<hr/>	
		33,775,884	
<b>CREDITORS: amounts falling due within one year</b>	14	(10,579,178)	
		<hr/>	
<b>NET CURRENT ASSETS</b>			23,196,706
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			23,466,706
<b>CREDITORS: amounts falling due after more than one year</b>	15		(22,447,629)
			<hr/>
<b>NET ASSETS</b>			1,019,077
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17		1,012,387
Profit and loss account	18		6,690
			<hr/>
<b>SHAREHOLDERS DEFICIT</b>			1,019,077
			<hr/> <hr/>

The notes on pages 13 to 28 form part of these financial statements

These financial statements were approved by the board of directors on 30/10/14 and were signed on its behalf by:



**Nadim Butt**  
*Director*

Company registered number: 08676704

## CONSOLIDATED CASH FLOW STATEMENT

for the period ended 31 December 2013

	Note	2013 £
<b>Cash flow statement</b>		
<b>Cash flow from operating activities</b>	20	(2,886,771)
<b>Returns on investments and servicing of finance</b>		
Interest received		137,466
Interest paid		(617,950)
<b>Taxation</b>		
<b>Capital expenditure and financial investment</b>		
Payments to acquire intangible fixed assets		
Payments to acquire tangible fixed assets	11	(179,462)
<b>Acquisitions and Disposals</b>		
Acquisition of subsidiary (net of cash acquired)		(43,178,760)
<b>Cash outflow before management of liquid resources and financing</b>		<u>(46,725,477)</u>
<b>Management of liquid resources and financing</b>		
Issue of equity share capital		1,012,387
Proceeds from loans		51,597,438
Repayment of loans		(49,431)
<b>Increase in cash in the period</b>		<u><u>5,834,917</u></u>
<b>Reconciliation of net cash flow to movement in net debt</b>		
<b>Increase in cash in the period</b>	21	5,834,917
<b>Cash inflow from increase in debt</b>	21	(51,548,007)
<b>Movement in net debt in the period</b>	21	<u>(45,713,090)</u>
<b>Net debt at the start of the period</b>	21	"
<b>Net debt at the end of the period</b>	21	<u><u>(45,713,090)</u></u>

The notes on pages 13 to 28 form part of these financial statements

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**for the period ended 31 December 2013**

**Group**

	<b>2013</b>
	<b>£</b>
<b>Loss for the financial year</b>	
Attributable to the shareholders of the parent company	(3,589,828)
	<u>(3,589,828)</u>
Net exchange differences on the retranslation of net investments of subsidiary undertakings	(140,059)
	<u>(3,729,887)</u>
<b>Total gains and losses recognised since incorporation</b>	<u><u>(3,729,887)</u></u>

**Company**

	<b>2013</b>
	<b>£</b>
<b>Profit for the financial year</b>	6,690
	<u>6,690</u>
<b>Total gains and losses recognised since incorporation</b>	<u><u>6,690</u></u>

**RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
for the period ended 31 December 2013

	Group 2013 £	Company 2013 £
<b>(LOSS) /PROFIT FOR THE FINANCIAL PERIOD</b>	(3,589,828)	6,690
<b>RETAINED (LOSS)/ PROFIT</b>		
Other recognised losses	(265,656)	-
New share capital subscribed	1,012,387	1,012,387
<b>NET (REDUCTION)/ ADDITION TO SHAREHOLDERS' FUNDS</b>	(2,843,097)	1,019,077
<b>CLOSING SHAREHOLDERS' (DEFICIT)/ FUNDS</b>	(2,843,097)	1,019,077

## NOTES

*(Forming part of the financial statements)*

### 1 Accounting policies

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The directors consider this to be appropriate because the business has sufficient financial resources to continue to grow and trade profitably. The business is forecasting significant growth in both revenues and profits over the next five years. Cash generation continues to be strong and the group is in compliance with all of its banking covenants

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made in the two month period to 31 December 2013. These are adjusted, where appropriate, to conform to group accounting policies. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill on acquisition is capitalised and written off over twenty years from the year of acquisition.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

#### **Intangible fixed assets and amortisation**

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill	- 20 years straight line
Other	- 2 years straight line

#### **Investments**

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

#### **Tangible fixed assets and depreciation**

Depreciation is provided to write off the cost [or valuation] less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and Fittings	- 25% straight line per annum
Motor Vehicles	- 25% reducing balance
Equipment	- 25% straight line per annum

#### **Impairment of fixed assets and goodwill**

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

## NOTES (continued)

### 1 Accounting policies (continued)

#### Impairment of fixed assets and goodwill (continued)

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

#### Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the period. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

#### Operating lease agreements

Operating lease rentals where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the period of the lease.

#### Post-retirement benefits

The group's trading subsidiaries operate a number of defined contribution pension schemes or make other similar arrangements for individual members as appropriate. The assets of schemes are held separately from those of the group. The pension cost charge represents contributions payable by the group to the funds and the various individual employees' retirement plans.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

#### Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all material timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Tax charges or credits arising on the retranslation of foreign currency borrowings used to finance or provide a hedge against equity investments in foreign enterprises are taken to the Statement of Total Recognised Gains and Losses, together with the exchange differences on the borrowings themselves.



## NOTES (continued)

### 1 Accounting policies (continued)

#### **Classification of financial instruments issued by the Group**

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### **Interest bearing borrowings**

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

#### **Turnover**

Turnover represents total fees and expenses receivable net of value added tax.

In respect of long term contracts and contracts for ongoing services, turnover represents the value of work done in the period including estimates of amounts not invoiced. Turnover in respect of long term contracts and contracts for ongoing services is recognised by reference to the stages of completion.

#### **Employee share ownership trust**

In accordance with UTIF abstract 38, Accounting for ESOP Trusts, the Group has included the assets and liabilities of its ESOT on its Balance Sheet. It considers that the company retains economic benefit and control of the ESOT and as such it has been included.

#### **Dividends on shares presented within equity**

Dividends are only recognised as a liability to the extent that they are declared prior to the period end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### **Cash**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

## NOTES (continued)

### 2 TURNOVER

The table below sets out information for each of the Group's industry segments and geographic areas of operation.

	2013 £
Europe	4,123,994
Americas	1,953,471
Rest of World	4,775,152
	<hr/> 10,852,617 <hr/>

### 3 NOTES TO THE PROFIT AND LOSS ACCOUNT

	2013 £
<i>Profit on ordinary activities before taxation is stated after charging</i>	
Depreciation on fixed assets	56,750
Amortisation of intangibles	907,284
<b>Non-Recurring Items</b>	
Transaction Costs	1,643,432
	<hr/>

#### Auditors' remuneration:

	2013 £
Audit of these financial statements	6,500
Amounts receivable by the company's auditor and its associates in respect of:	
Audit of financial statements of subsidiaries of the company	187,345
Taxation compliance services	26,177
All other services	661,841
	<hr/> 881,863 <hr/>

### 4 REMUNERATION OF DIRECTORS

	2013 £
Directors' emoluments	249,953
Company contributions to money purchase pension schemes	20,861
	<hr/>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £32,050, and during the period, Company pension contributions of £5,340 were made to a money purchase scheme on his behalf.

**NOTES (continued)**

**5 STAFF NUMBERS AND COSTS**

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	<b>Number of employees Group 2013</b>
Technical	258
Administration	87
	<hr/> 345 <hr/>

The aggregate payroll costs of these persons were as follows:

	<b>2013 £</b>
Wages and salaries	3,778,164
Social security costs	299,479
Other pension costs	217,841
	<hr/> 4,295,484 <hr/>

**6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2013 £</b>
Interest receivable	137,466
	<hr/> 137,466 <hr/>

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2013 £</b>
Interest payable	660,081
	<hr/> 660,081 <hr/>

NOTES (continued)

8 TAXATION

Analysis of charge in period

	2013 £
<i>UK corporation tax</i>	
Current tax on income for the period	47,069
Double taxation relief	(47,069)
Adjustments in respect of prior periods	(198,043)
	<hr/>
	(198,043)
<i>Foreign tax</i>	
Current tax on income for the period	270,246
Adjustments in respect of prior periods	285,021
	<hr/>
Total current tax charge	357,224
	<hr/>
<i>Deferred tax (see note 13)</i>	
Origination of timing differences	(426,379)
	<hr/>
Total deferred tax	(426,379)
	<hr/>
Tax charge/(credit) on profit from ordinary activities	(85,489)
	<hr/>

## NOTES (continued)

### 8 TAXATION (continued)

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 23.25% (2012 - 24.50%).

	2013 £
<i>Current tax reconciliation</i>	
Profit on ordinary activities before tax	(3,675,317)
	<hr/>
Current tax at 23.25% (2012:24.5 %)	(854,511)
<i>Effects of:</i>	
Expenses not deductible for tax purposes	405,243
Capital allowances for period in excess of depreciation	(2,600)
Adjustments to tax charge in respect of previous periods	86,978
Foreign tax rates differences	(121,492)
Unrelieved tax losses and other deductions arising in the period	795,603
Other short term timing differences	47,644
Group relief surrendered	359
	<hr/>
Total current tax charge (see above)	357,224
	<hr/>

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

### 9 DIVIDENDS

No dividends were paid or declared in the period

NOTES (continued)

10 INTANGIBLE FIXED ASSETS

Group	Goodwill £	Other £	Total £
<b>Cost</b>			
At beginning of the period	-	-	-
Additions acquired	21,571,416	8,274,803	29,846,219
	<hr/>	<hr/>	<hr/>
At end of the period	21,571,416	8,274,803	29,846,219
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At beginning of the period	-	-	-
Charged for the period	(223,951)	(683,333)	(907,284)
	<hr/>	<hr/>	<hr/>
At end of the period	(223,951)	(683,333)	(907,284)
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2013	21,347,465	7,591,470	28,938,935
	<hr/>	<hr/>	<hr/>

The addition in goodwill of £21,571,416 arose from the acquisition of the LOC Group Limited. Included within this amount is goodwill already recognised within LOC Group Limited of £1,902,244.

Within Other intangibles, £7,518,627 at year end relates to customer contracts within LOC Group Limited which have been identified as a separately identifiable intangible in accordance with FRS 7, and which is being amortised over a useful economic life of 2 years. The remaining balance of £72,843 relates to customer lists acquired London Offshore Consultants Inc in 2011.

NOTES (continued)

11 TANGIBLE FIXED ASSETS

Group	Fixtures and Fittings	Motor Vehicles	Equipment	Total
<b>Cost</b>				
Arising on acquisition	1,266,538	25,122	1,169,533	2,461,193
Additions	34,945	-	144,517	179,462
Foreign exchange	842	9	3,412	4,263
Disposals	-	(7,514)	(23,939)	(31,453)
At end of the period	1,302,325	17,617	1,293,523	2,613,465
<b>Depreciation</b>				
Arising on acquisition	909,418	21,029	885,749	1,816,196
Charge for the period	23,128	140	33,482	56,750
On disposals	-	(7,480)	(22,959)	(30,439)
At end of the period	932,546	13,689	896,272	1,842,507
<b>Net book value</b>				
At 31 <sup>st</sup> December 2013	369,779	3,928	397,251	770,958

NOTES (continued)

12 FIXED ASSET INVESTMENTS

Company	2013 Total £
<b>Cost</b>	
Acquired in the period	270,000
<b>Net book value</b>	
At 31 <sup>st</sup> December 2013	270,000

During the year the company established Neptune Midco 1 Limited- a holding company incorporated in the United Kingdom- via an investment of £1 share capital. Immediately after the company acquired a further 269,999 ordinary shares at £1 each

The principal undertakings in which the Group's interest at the period end is more than 20% are as follows.

Subsidiary undertakings	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
<sup>1</sup> Longitude Consultancy Holdings Limited	United Kingdom	Ordinary	100%	Holding company
<sup>2</sup> Longitude Consulting Engineers Limited	England	Ordinary	100%	Marine consulting
<sup>2</sup> Longitude Engineering PTE Limited	Singapore	Ordinary	100%	Marine engineering consulting
<sup>2</sup> Longitude Engineering (Mexico) SA de CV	Mexico	Ordinary	100%	Marine engineering consulting
<sup>2</sup> Longitude Consultants Inc	USA	Ordinary	100%	Dormant
<sup>3</sup> London Offshore Consultants (Holdings) Limited	United Kingdom	Ordinary	100%	Holding company
<sup>4</sup> London Offshore Consultants Limited	United Kingdom	Ordinary	100%	Marine consulting
<sup>5</sup> SARL London Offshore Consultants France	France	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants (Nigeria) Limited	Nigeria	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants PTE Limited	Singapore	Ordinary	100%	Marine consulting
<sup>6</sup> London Offshore Consultants (Tianjin) Limited	China	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants (Hong Kong) Limited	Hong Kong	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants (Brazil)	Brazil	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants (Australia) Pty Limited	Australia	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants (Guernsey) Limited	Guernsey	Ordinary	100%	Marine consulting
<sup>7</sup> London Offshore Consultants (Qatar) LLC	Qatar	Ordinary	49%	Marine consulting



**NOTES (continued)**

**12 FIXED ASSET INVESTMENTS (continued)**

<sup>7</sup> London Offshore Consultants WLL	Abu Dhabi	Ordinary	49%	Marine consulting
<sup>4</sup> London Offshore Consultants (Aberdeen) Limited	United Kingdom	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants Inc	USA	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants (Canada) Limited	Canada	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants Laem Chabang Co Limited	Thailand	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants (Mexico) SA de CV	Mexico	Ordinary	100%	Marine engineering consulting
<sup>6</sup> London Offshore Consultants (Malaysia) SDN/BHD	Malaysia	Ordinary	90%	Dormant
<sup>4</sup> London Offshore Consultants AS	Norway	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants (Mexico)	Mexico	Ordinary	100%	Marine consulting
<sup>8</sup> LOC TEC AS	Norway	Ordinary	100%	Marine Consulting
<sup>4</sup> LOC (Netherlands) BV	Netherlands	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants (India) Private Limited	India	Ordinary	100%	Marine consulting
<sup>4</sup> London Offshore Consultants Vietnam Co Ltd	Vietnam	Ordinary	100%	Marine consulting
<sup>9</sup> LOC Group Limited	United Kingdom	Ordinary	100%	Holding Company
Neptune Midco 1 Limited	United kingdom	Ordinary	100%	Holding company
Neptune Midco 2 Limited	United Kingdom	Ordinary	100%	Holding company
Neptune Bidco Limited	United Kingdom	Ordinary	100%	Holding company

<sup>1</sup> Subsidiary of London Offshore Consultancy Group Limited

<sup>2</sup> Subsidiary of Longitude Consultancy Holdings Limited

<sup>3</sup> Subsidiary of London Offshore Consultancy Group Limited

<sup>4</sup> Subsidiary of London Offshore Consultants (Holdings) Group Limited

<sup>5</sup> Subsidiary of London Offshore Consultants Limited

<sup>6</sup> Subsidiary of London Offshore Consultants PTE Limited

<sup>7</sup> Subsidiary of London Offshore Consultants (Guernsey) Limited

<sup>8</sup> Subsidiary of London Offshore Consultants Norge A/S

<sup>9</sup> Subsidiary of Neptune Bidco Limited

**NOTES (continued)**

**13 DEBTORS**

	<b>Group 2013 £</b>	<b>Company 2013 £</b>
Trade debtors	14,983,738	-
Amounts owed by group undertakings	-	33,775,884
Deferred tax assets	2,486,097	-
Other debtors	2,005,077	-
Prepayments and accrued income	672,179	-
Amounts recoverable on contracts	4,992,284	-
	<hr/>	<hr/>
	25,139,375	33,775,884
	<hr/>	<hr/>

Total debtors include a non-current deferred tax asset of £1,833,580. Management is confident on the recoverability of this asset.

**14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2013 £</b>	<b>Company 2013 £</b>
Trade creditors	2,675,518	-
Other creditors	4,396,705	-
Corporation tax	342,344	-
Accruals and deferred income	4,505,772	265,123
Vendor loan	58,936	-
Other loans	10,314,055	10,314,055
	<hr/>	<hr/>
	22,293,330	10,579,178
	<hr/>	<hr/>

**NOTES (continued)**

**15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group 2013 £	Company 2013 £
Bank loans and overdrafts	14,311,336	-
Other Loans	19,147,790	14,672,803
Preference shares liability	7,774,826	7,774,826
	<hr/>	<hr/>
	41,233,952	22,447,629
	<hr/>	<hr/>

**16 ACQUISITIONS**

On 31 Oct 2013 an undertaking company acquired all of the shares of LOC Group Limited. The resulting goodwill was capitalised and will be written off over 20 years in line with FRS 7

**Net assets acquired**

Intangible fixed assets	10,102,244
Tangible fixed assets	644,997
Debtors	24,135,441
Cash at bank and in hand	6,436,515
Creditors	(11,447,897)
Loans and overdrafts	(415,977)

	<hr/>
Goodwill arising on acquisition	29,455,323
	19,743,975

---

  
49,199,298

**Satisfied by**

Cash	42,185,945
Deferred consideration – Loan note	10,314,055
Contribution to group undertaking	(3,300,702)

---

  
49,199,298

The acquired undertaking made a profit of £2,364,073 from the beginning of its financial year to the date of acquisition. In its previous financial year commencing on 1 January 2012 the profit was £5,081,495.

The net assets acquired and purchase consideration were not determined on a provisional basis.

NOTES (continued)

**17 CALLED UP SHARE CAPITAL**

**Group and Company**

	2013 £
<i>Allotted, called up and fully paid</i>	
1,012,387 Ordinary shares of £1 each	1,012,387
	<u>1,012,387</u>

**18 SHARE PREMIUM AND RESERVES**

Group	Shares held in ESOP £	Foreign exchange reserves £	Profit and loss account £
At beginning of period	-	-	-
Loss for the period	-	-	(3,589,828)
Consideration paid for the purchase of own shares by ESOP trust	(125,597)	-	-
Foreign Exchange adjustments	-	(140,059)	-
	<u>(125,597)</u>	<u>(140,059)</u>	<u>(3,589,828)</u>
<b>At end of period</b>	<u>(125,597)</u>	<u>(140,059)</u>	<u>(3,589,828)</u>

Company	Profit and loss account £
At beginning of period	6,690
Loss for the period	-
	<u>6,690</u>
<b>At end of period</b>	<u>6,690</u>

**19 COMMITMENTS**

At 31 December 2013 the group had annual commitments under non-cancellable operating leases are as follows:

Group	2013 Land and buildings £	Other £	2012 Land and buildings £	Other £
Operating leases which expire:				
Within one year	328,800	-	1,022,591	9,172
In the second to fifth years inclusive	1,214,995	13,093	1,565,851	13,196
Over five years	342,963	-	80,939	-
	<u>1,886,758</u>	<u>13,093</u>	<u>2,669,381</u>	<u>22,368</u>

**NOTES (continued)**

**20 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS**

	<b>2013 Total £</b>
Operating loss	(3,152,702)
Depreciation, amortisation and impairment charges	964,034
Loss on foreign currencies retranslation	(140,059)
Increase in debtors	(1,071,937)
Increase in creditors	513,893
<b>Net cash outflow from operating activities</b>	<b>2,886,771</b>

**21 ANALYSIS OF NET DEBT**

	<b>At beginning of period £</b>	<b>Cash flow £</b>	<b>At end of period £</b>
Cash in hand, at bank	-	5,834,917	5,834,917
Debt due within one year	-	(10,314,055)	(10,314,055)
Debt due within more than one year	-	(41,233,952)	(41,233,952)
<b>Total</b>	<b>-</b>	<b>(45,713,090)</b>	<b>(45,713,090)</b>

**22 RELATED PARTY DISCLOSURES**

At the year end, Neptune Topco Limited owed £4,162,594 to its directors in the form of Loan Notes. Interest is charged at 8% per annum with the loan notes being repayable on 31 October 2020.

The directors are owed a further £4,554,657 for deferred consideration relating to the restructuring the group, which is payable in November 2014. Interest is charged at 4% per annum.

The directors also hold £3,752,264 of Preference shares in the company with interest of 8% per annum. Both the interest and the preference share value have been recognised as a liability to reflect the substance of the transaction.

At the year end, Neptune Topco Limited owes Bridgepoint Development Capital an amount of £4,474,986 in the form of Loan Notes. Interest is charged at 8% until 31 October 2015 and 10% thereafter. The loan is repayable on 31 October 2020.

Details of subsidiaries undertaking are shown in note 12. The Company has taken advantage of the exemption in Financial Reporting Standard 8 Related Party Disclosure, from the requirement to disclose related party transactions with wholly owned members of the group.

**23 CONTROL**

There is no ultimate controlling party.