

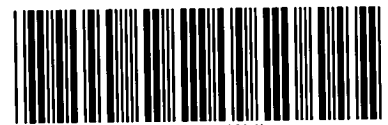
COMPANY REGISTRATION NUMBER SC257425

**DENHOLM OILFIELD SERVICES GROUP LIMITED, FORMERLY DENHOLM OILFIELD
SERVICES LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2015

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DENHOLM OILFIELD SERVICES GROUP LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

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DENHOLM OILFIELD SERVICES GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

J S Denholm
M J Beveridge
P M Fisher
P G Lockett
F Muqattash
P A Waddel
R A Wood
G Milne (Resigned 23 February 2015)

Secretary

C J M Denholm (Appointed 30 October 2015)
G A Hanson (Resigned 30 October 2015)

Registered office

19 Woodside Crescent
Glasgow
G3 7UL

Independent auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

DENHOLM OILFIELD SERVICES GROUP LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2015

The directors submit their report and the financial statements of the company for the year ended 31 December 2015.

During the course of the year, the company changed its name from Denholm Oilfield Services Limited to Denholm Oilfield Services Group Limited.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. In addition, as a result of taking this exemption, no Strategic Report has been prepared.

Principal activities

The principal activity of the company is that of a holding company combined with the provision of management and accounting support to group companies.

Results and dividends

The profit for the year after taxation was £1,263,952 (2014 loss - £3,301,236).

The directors have not declared a dividend for the year ended 31 December 2015 (2014 - £nil).

Directors

The directors who served the company during the year and to the date of this report are listed on page 1.

Employment policies

The company's employment policies are built around Fairness, Achievement, Integrity and Respect as set out in the Denholm Standard for employment.

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to 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 year.

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;
- state whether applicable United Kingdom 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 proper accounting records which 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.

As at the date of this report, as far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each of the directors have taken such steps as they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

DENHOLM OILFIELD SERVICES GROUP LIMITED

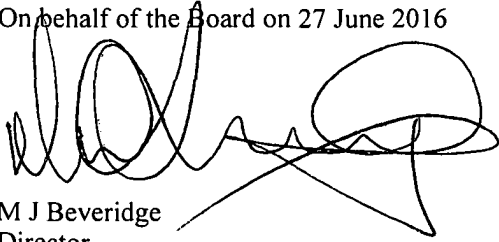
THE DIRECTORS' REPORT *(Continued)*

YEAR ENDED 31 DECEMBER 2015

Going concern

The directors, having considered the company's forecasts, cash resources and group facilities have concluded that the company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board on 27 June 2016

A handwritten signature in black ink, appearing to be 'M J Beveridge', written over a horizontal line.

M J Beveridge
Director

DENHOLM OILFIELD SERVICES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM OILFIELD SERVICES GROUP LIMITED

YEAR ENDED 31 DECEMBER 2015

We have audited the financial statements of Denholm Oilfield Services Group Limited, company registration number SC257425, for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year 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.

DENHOLM OILFIELD SERVICES GROUP LIMITED

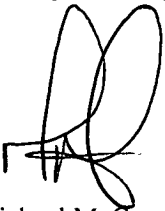
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM OILFIELD
SERVICES GROUP LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2015

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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Michael McGregor ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

27 June 2016

DENHOLM OILFIELD SERVICES GROUP LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
TURNOVER	2	1,124,131	760,813
Administrative expenses		(681,338)	(1,624,591)
OPERATING PROFIT/(LOSS)	3	442,793	(863,778)
Exchange (loss)/gain on intercompany loans		(71,475)	432,414
Interest receivable	6	1,299,382	2,040,241
Interest payable and similar charges	7	(75,445)	(1,357,807)
Amounts written off investments	8	-	(4,493,000)
Write down of intercompany loan	9	-	1,000,000
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,595,255	(3,241,930)
Tax on profit/(loss) on ordinary activities	10	(331,303)	(59,306)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		1,263,952	(3,301,236)

All of the activities of the company are classed as continuing.

There are no items of comprehensive income other than the profit of £1,263,952 attributable to the shareholders for the year ended 31 December 2015 (2014 - loss of £3,301,236). Accordingly, a separate statement of other comprehensive income is not presented.

The notes on pages 9 to 18 form part of these financial statements.

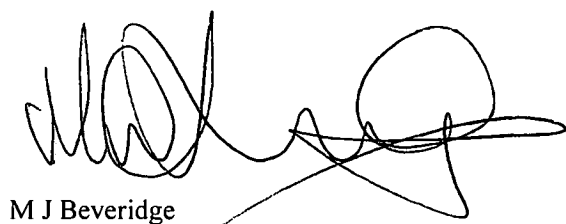
DENHOLM OILFIELD SERVICES GROUP LIMITED

BALANCE SHEET

YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Tangible assets	11	38,458	26,552
Investments	12	1,507,000	1,507,000
		<u>1,545,458</u>	<u>1,533,552</u>
CURRENT ASSETS			
Debtors due within one year	13	19,902,960	47,466,983
Cash at bank and in hand		333,157	83,984
		<u>20,236,117</u>	<u>47,550,967</u>
CREDITORS: Amounts falling due within one year	14	<u>(2,768,594)</u>	<u>(1,335,324)</u>
NET CURRENT ASSETS		<u>17,467,523</u>	<u>46,215,643</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,012,981</u>	<u>47,749,195</u>
CREDITORS: Amounts falling due after more than one year	15	-	(30,000,000)
PROVISIONS FOR LIABILITIES			
Deferred taxation	17	-	(166)
NET ASSETS		<u>19,012,981</u>	<u>17,749,029</u>
CAPITAL AND RESERVES			
Called-up share capital	19	10,000,000	10,000,000
Profit and loss account		9,012,981	7,749,029
SHAREHOLDERS' FUNDS		<u>19,012,981</u>	<u>17,749,029</u>

These financial statements were approved by the Board on 27 June 2016



M J Beveridge
Director

The notes on pages 9 to 18 form part of these financial statements.

DENHOLM OILFIELD SERVICES GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Note	Called up share capital £	Profit and loss account £	Total equity £
As at 31 December 2013 as previously stated under UK GAAP		10,000,000	11,035,540	21,035,540
Changes to transition to FRS 102	23	-	14,725	14,725
Balance at 1 January 2014		<u>10,000,000</u>	<u>11,050,265</u>	<u>21,050,265</u>
Loss for the financial year as previously stated under UK GAAP		-	(3,318,596)	(3,318,596)
Changes on transition to FRS 102	23	-	17,360	17,360
Balance at 31 December 2014		<u>10,000,000</u>	<u>7,749,029</u>	<u>17,749,029</u>
Profit for the financial year		-	1,263,952	1,263,952
Balance at 31 December 2015		<u>10,000,000</u>	<u>9,012,981</u>	<u>19,012,981</u>

The notes on pages 9 to 18 form part of these financial statements.

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

Basis of accounting

Denholm Oilfield Services Group Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's principal activities are set out within the Directors' Report on page 2.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis modified to include financial instruments at fair value. They have been prepared on the going concern basis as explained in the Directors' Report.

This is the first year in which the financial statements have been prepared under FRS 102. Details of adjustments made in order to transition to FRS 102 are given in note 23.

Denholm Oilfield Services Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Denholm Oilfield Services Group Limited is consolidated in the financial statements of its parent, as disclosed in note 21. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Consolidation

The company is exempt from the obligation to prepare and deliver group financial statements under S400 of the Companies Act 2006. Accordingly, these financial statements present only the financial position of the company. The undertaking whose consolidated accounts its results are included in is the immediate and ultimate parent undertaking, Denholm Oilfield Services Limited.

Functional currency

The directors have adopted the pound sterling as the company's functional and presentational currency, being the currency of the primary economic environment in which the company operates.

Turnover

The turnover shown in the profit and loss account represents amounts earned during the year and is stated net of Value Added Tax. Turnover represents the fair value of consideration received or receivable from the provision of management and accounting support to group companies. In all cases, it is recognised in accordance with the contractual arrangements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation, and any provision for impairment. Depreciation is calculated on a straight line basis to write off the cost less estimated residual value of tangible fixed assets over their anticipated useful lives as follows:

Equipment	4 years
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Investments

Unlisted fixed asset investments are shown at cost less provision for impairment as assessed by the directors.

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES *(continued)*

Leases

Rentals in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

Pension costs arise in respect of a defined contribution scheme. Contributions are charged to the profit and loss account as incurred.

Taxation

Current 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 at the reporting date, except otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated 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.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transaction, or at an average rate where this rate approximates the actual rate at the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. Exchange differences arising are included as an exchange gain or loss in the profit and loss account.

Derivative financial instruments

The activities of the company expose it directly to the financial risks of changes in foreign currency exchange rates. The company uses forward foreign exchange contracts to hedge these exposures. The company does not use derivative financial instruments for speculative purposes.

Derivatives are initially recorded on the balance sheet and subsequently measured at fair value, which is calculated using standard industry valuation techniques in conjunction with observable market data. The changes in fair value are reported through the profit and loss account, as disclosed in note 3.

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 the estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

(a) Operating leases

The company has entered into a commercial lease as a lessee and obtains the use of property, plant and equipment. The classification of the lease as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangement, whether it acquires the significant risks and rewards of ownership of such an asset and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

2. TURNOVER

The company has generated income for the year to 31 December 2015 due to the provision of management support to companies that form part of the Denholm Oilfield Services Limited group of companies.

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of tangible fixed assets	14,593	6,282
Auditor's remuneration - audit fees	30,000	30,970
Change in fair value of derivatives	652	(17,360)
Operating lease costs:		
Land and buildings	19,754	15,503
	<u>19,754</u>	<u>15,503</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2015	2014
	Number	Number
Administrative staff	-	1
Management staff	-	4
	<u>-</u>	<u>5</u>

During the course of the year, the contract of employment for all members of staff transferred to the immediate and ultimate parent company, Denholm Oilfield Services Limited. The costs of employment are included in the recharges issued from Denholm Oilfield Services Group Limited.

The aggregate payroll costs of the above were:

	2015	2014
	£	£
Wages and salaries	-	877,871
Social security costs	-	100,867
Other pension costs	-	57,534
	<u>-</u>	<u>1,036,272</u>

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Remuneration receivable	-	1,846,788
Company pension contributions to money purchase schemes	-	68,214
	<u>-</u>	<u>1,915,002</u>

Remuneration of highest paid director:

	2015	2014
	£	£
Total remuneration (excluding pension contributions)	-	613,594
	<u>-</u>	<u>613,594</u>

The number of directors who accrued benefits under company pension schemes was as follows :

	2015	2014
	Number	Number
Money purchase schemes	-	4

Some of the company's directors were paid by other group companies during the year and in the prior year. The emoluments of these directors are shown in the financial statements of other group companies and it is not practical to make an apportionment of remuneration in respect of services provided to this company.

6. INTEREST RECEIVABLE

	2015	2014
	£	£
Bank interest receivable	209	95
Interest receivable on amounts due from group undertakings	1,299,173	2,040,146
	<u>1,299,382</u>	<u>2,040,241</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Interest payable on bank borrowings	89	1
Interest payable on amounts due to group undertakings	75,356	1,357,806
	<u>75,445</u>	<u>1,357,807</u>

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

8. AMOUNTS WRITTEN OFF INVESTMENTS

	2015	2014
	£	£
Amounts written off investments	-	4,493,000
	<u> </u>	<u> </u>

During the prior year the company reduced the carrying value of its investment in Denholm Valvecare Holdings Limited by £3,493,000 to reflect that company's net asset position and all of its investment in Denholm Leasing Limited of £1,000,000 which was dissolved during 2014.

9. WRITE DOWN OF INTERCOMPANY LOAN

	2015	2014
	£	£
Write down of intercompany loan	-	(1,000,000)
	<u> </u>	<u> </u>

During the prior year the loan payable to Denholm Leasing Limited of £1,000,000 was forgiven as part of the write down in the investment.

10. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of tax charge in the year

	2015	2014
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	332,254	59,434
	<u> </u>	<u> </u>
Total current tax	332,254	59,434
Deferred tax:		
Origination and reversal of timing differences (note 17)	(951)	(128)
	<u> </u>	<u> </u>
Tax on profit/(loss) on ordinary activities	331,303	59,306
	<u> </u>	<u> </u>

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

10. TAXATION ON ORDINARY ACTIVITIES *(continued)*

b) Factors affecting current tax charge for the period

Total current tax for the year when expressed as a percentage of profit on ordinary activities before taxation is higher at 21% (2014 - lower at 2%) than the standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%).

	2015	2014
	%	%
Standard rate of corporation tax in the UK	20	22
Sundry tax adjusting items	1	-
Dividends from UK companies	-	(20)
	<u>21</u>	<u>2</u>

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The rate will further reduce to 19% from 1 April 2017 and to 18% (effective from 1 April 2020), as enacted on 18 November 2015. This will reduce the company's future current tax charge accordingly.

11. TANGIBLE FIXED ASSETS

	Equipment £
Cost	
At 1 January 2015	33,919
Additions	26,499
	<u>60,418</u>
At 31 December 2015	
Depreciation	
At 1 January 2015	7,367
Charge for the year	14,593
	<u>21,960</u>
At 31 December 2015	
Net Book Value	
At 31 December 2015	38,458
	<u>26,552</u>
At 31 December 2014	

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

12. INVESTMENTS

	Subsidiary Undertakings £
Cost	
At 1 January 2015 & 31 December 2015	6,000,000
Amounts provided	
At 1 January 2015 & 31 December 2015	4,493,000
Net Book Value	
At 1 January 2015 & 31 December 2015	1,507,000

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings	Country of registration	Principal activity	%
Denholm Valvecare Holdings Limited	Scotland	Holding Company	100%

Details of the investments held by Denholm Valvecare Holdings Limited, in which the subsidiary company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings	Country of registration	Principal activity	%
Denholm Valvecare (Kazakhstan) LLP	Kazakhstan	Valve sales and servicing	90%

13. DEBTORS

	2015 £	2014 £
Amounts falling within one year		
Trade debtors	10,500	790
Amounts owed by related parties (note 20)	238,853	-
Amounts owed by group undertakings	19,196,643	47,410,212
Other debtors	12,404	11,899
Prepayments and accrued income	443,775	44,082
Deferred taxation (note 17)	785	-
	19,902,960	47,466,983

Amounts owed by the group undertakings includes a loan to the immediate parent company which bears interest at a rate of 4% and is repayable on demand.

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

14. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	287,881	285,075
Amounts owed to group undertakings	2,027,992	821,702
Corporation tax	299,080	59,648
Other taxation and social security	3,375	(327)
Accruals and deferred income	150,266	169,226
	<u>2,768,594</u>	<u>1,335,324</u>

The amounts owed to group undertakings is in respect of a loan due to group companies which bears interest at a fixed rate of 4% and is repayable on demand.

15. CREDITORS: Amounts falling due after more than one year

	2015	2014
	£	£
Amounts owed to group undertakings	-	30,000,000
	<u>-</u>	<u>30,000,000</u>

During the course of the year, the loan due to the former parent company, J. & J. Denholm Limited was transferred to the current parent company, Denholm Oilfield Services Limited.

16. PENSIONS

The company contributes to a defined contribution scheme for which the pension charge for the year amounted to £nil (2014 - £57,534).

17. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2015	2014
	£	£
Provision brought forward	(166)	(294)
Profit and loss account movement arising during the year (note 10)	951	128
Asset/(Provision) carried forward	<u>785</u>	<u>(166)</u>

The deferred tax asset/(provision) consists of the tax effect of timing differences in respect of:

	2015	2014
	£	£
Depreciation in excess of capital allowances of fixed assets	<u>785</u>	<u>(166)</u>

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the total future minimum lease payments under non-cancellable operating leases were as follows.

	Land and buildings	
	2015	2014
	£	£
Operating leases of which payment is due:		
Within 1 year	19,882	17,020
	<u>19,882</u>	<u>17,020</u>

19. SHARE CAPITAL

Allotted, called up and fully paid:

	2015		2014	
	Number	£	Number	£
Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

20. RELATED PARTY TRANSACTIONS

Transactions with entities in which the Denholm Oilfield Services Limited group of companies has 100% of the voting rights are not disclosed as permitted by Financial Reporting Standard 102, Section 7 - "Related Party Disclosures".

Included within the amounts owed by related parties at 31 December 2015 is £238,853 owed by SDL Denholm Limited for the provision of services as well as loans payable within one year (2014 - £nil). Included within other income is £78,041 (2014 - £nil) relating to the provision of management support to SDL Denholm Limited. Also included within other income is £3,097 (2014 - £nil) relating to the provision of management support to Denholm Oilfield Services (Azerbaijan) Limited.

Both SDL Denholm Limited and Denholm Oilfield Services (Azerbaijan) Limited are 50% owned by the ultimate parent company, Denholm Oilfield Services Limited.

21. ULTIMATE PARENT COMPANY

The immediate and ultimate parent undertaking is Denholm Oilfield Services Limited, a company registered in England. During the prior year, the ultimate parent undertaking was J. & J. Denholm Limited. Copies of the accounts of Denholm Oilfield Services Limited may be obtained from the Registrar of Companies, Crown Way, Cardiff, CF14 3UZ.

The financial statements of Denholm Oilfield Services Limited are both the smallest and largest group which consolidate the company.

DENHOLM OILFIELD SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

22. CONTINGENT LIABILITY

The company has cross-guaranteed the bank borrowings of its ultimate parent company, Denholm Oilfield Services Limited. The company's maximum exposure as at 31 December 2015 is £20,000,000 (2014 - £nil).

23. TRANSITION TO FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014.

Reconciliation of loss and equity from old GAAP to FRS 102

	Loss for the year ended 31 Dec 2014 £	Equity as at 31 Dec 2014 £	Equity as at 1 Jan 2014 £
Amount under old GAAP	(3,318,596)	17,716,944	21,035,540
Adjustment to recognise assets at spot exchange rate	-	-	(202)
Adjustment to recognise fair value of derivatives	-	-	15,213
Fair value gain of derivative settled during the year	-	-	(286)
Adjustment to release 2013 derivatives & recognise 2014 derivatives	17,360	32,085	-
Amount under FRS 102	<u>(3,301,236)</u>	<u>17,749,029</u>	<u>21,050,265</u>