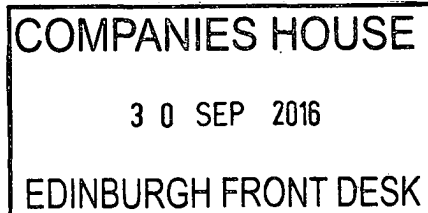


Parsons Peebles Generation Limited

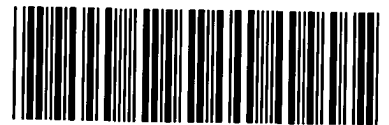
Annual report and financial statements

Registered number SC281567

31 December 2015



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Strategic report

The directors present their Strategic Report for the period ended 31 December 2015.

Principal activities

The principal activity of the Company in the period under review was that of the design, manufacture, installation, commissioning, provision of refurbishment, servicing and repairs of high voltage electric motors, generators and associated equipment. The Company also carries out high voltage testing services.

Business review

When acquired in January 2013, the Company comprised a niche High Voltage machines business and a service and spares business. The Company has generated revenue growth of 37% since acquisition. The Company benefits from a strong engineering expertise, robust IP, a large database of drawings and a significant installed base of motors and generators in the UK and throughout the world.

In the period, the High Voltage machines business made improvements to the supply chain to ensure a competitive offering. In addition, it re-entered new markets (power, nuclear, industrial, downstream oil and gas) with a discrete, dedicated team. An enhanced agency network and associated marketing tools have increased the focus on the front end. In addition, the portfolio of products has been broadened through new Medium Voltage and High Voltage standard ranges which will drive growth going forward.

The service and spares business, on acquisition, was focused on upstream oil and gas with limited growth plans. A UK sales team has focused on servicing the installed base, then increasing the mechanical–electrical sales capability. The facility at Rosyth was upgraded and a new storage facility opened. Key accounts in new sectors such as hydro, cement, renewables have been won through improved customer intimacy which will drive sustainable growth.

The Company delivered a loss before tax for the period of £265,000 (2014: profit of £866,000). In the period, the Company's exposure to the upstream oil and gas market impacted trading results. The directors are satisfied with the performance of the Company, the key growth steps undertaken (as described above) and given current activity levels and investment in the business, believe that the Company is well placed to deliver growth in the current financial year.

The current accounting period has been lengthened to 13 months to 31 December 2015 to align with the accounting periods of Parsons Peebles Group Limited and its subsidiaries.

On 15 December 2015, the Company, along with Parsons Peebles Group Limited and its subsidiaries entered into a new banking facility with Allied Irish Bank (AIB), which gives access to a revolving credit facility and other ancillary facilities. The Company granted a bond and floating charge and a shares pledge in favour of AIB in respect of these facilities.

Principle risks and uncertainties

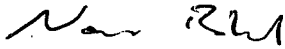
The principal risks and uncertainties that affect the business are outlined below:

- End markets: the Company operates in the oil & gas sector. The risk is diversified, with increasing activity in other markets e.g. power, water, industrial. In addition, upstream oil & gas customers' class spend with the Company as operating expenditure on a mission critical product which has been less impacted.
- Supply chain: the efficient supply of quality components is important for the Company. Agreements with key suppliers, which can manufacture high specification Company products with appropriate lead times, are in place.
- People: the Company relies on high calibre electrical engineers as it grows. Relationships have been forged with local training colleges as part of a structured training program to ensure the long term availability of quality trained people.
- Global economic and market conditions: the risk of a prolonged economic downturn leading to a financial decline impacting on industrial markets is a risk faced by most businesses. The potential impact is reduced as the Company operates in diverse end markets and geographies, supplying mission critical products and services, and currently has a small share of the total market which will not restrict growth going forward.

Political and charitable contributions

The Company made no disclosable political or charitable donations or incurred any disclosable political expenditure during the period.

By order of the board



Nairn Black
Director

1 Redwood Crescent
Peel Park
East Kilbride
Glasgow
G74 5PA

29 September 2016

Directors' report

The directors present their directors' report and financial statements for the 13 month period ended 31 December 2015.

Financial instruments

The Company's policy is to use complex financial instruments only where appropriate.

Dividends

Dividends in the period were nil (2014: nil).

Directors

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

K Gibson (resigned 22 September 2015)

FG Barrett

GJ McCallum

NG Black (appointed 14 January 2015)

WK Picken (appointed 14th January 2015, resigned 26 January 2016)

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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 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



Nairn Black
Director

1 Redwood Crescent
Peel Park
East Kilbride
Glasgow
G74 5PA

29 September 2016

Statement of directors' responsibilities in respect of the Annual 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 financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



KPMG LLP

319 St Vincent Street
Glasgow
G2 5AS
United Kingdom

Independent auditor's report to the members of Parsons Peebles Generation Limited

We have audited the financial statements of Parsons Peebles Generation Limited for the period ended 31 December 2015 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

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 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 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.

Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

29 September 2016

Income Statement

for the 13 month period ended 31 December 2015

| | <i>Note</i> | 13 months to 31 December 2015 £000 | Year ending 30 November 2014 £000 |
|-------------------------------------|-------------|---|--|
| Revenue | <i>1,2</i> | 7,344 | 7,186 |
| Cost of sales | | (3,997) | (3,196) |
| Gross profit | | 3,347 | 3,990 |
| Administrative expenses | | (3,610) | (3,123) |
| Operating (loss)/profit | | (263) | 867 |
| Financial expenses | | (2) | (1) |
| Net financing expense | <i>6</i> | (2) | (1) |
| (Loss)/profit before tax | | (265) | 866 |
| Taxation | <i>7</i> | 47 | (201) |
| (Loss)/profit for the period | | (218) | 665 |

The Company has no other comprehensive income for the current and previous period.

The above results relate to continuing operations.

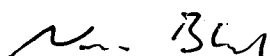
The notes on pages 9 to 21 form an integral part of these financial statements.

Balance Sheet
at 31 December 2015

| | <i>Note</i> | 31 December 2015 £000 | 30 November 2014 £000 |
|-------------------------------|-------------|--------------------------------------|--------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 8 | 368 | 334 |
| Intangible assets | 9 | - | - |
| Deferred tax assets | 10 | - | 29 |
| | | <hr/> | <hr/> |
| | | 368 | 363 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Inventories | 11 | 259 | 67 |
| Trade and other receivables | 12 | 1,477 | 1,532 |
| Cash and cash equivalents | | 224 | 902 |
| | | <hr/> | <hr/> |
| | | 1,960 | 2,501 |
| | | <hr/> | <hr/> |
| Total assets | | 2,328 | 2,864 |
| | | <hr/> | <hr/> |
| Current liabilities | | | |
| Trade and other payables | 13 | 1,141 | 1,326 |
| Tax payable | | 5 | 138 |
| | | <hr/> | <hr/> |
| Total liabilities | | 1,146 | 1,464 |
| | | <hr/> | <hr/> |
| Net assets | | 1,182 | 1,400 |
| | | <hr/> | <hr/> |
| Equity | | | |
| Share capital | 15 | 500 | 500 |
| Retained earnings | | 682 | 900 |
| | | <hr/> | <hr/> |
| Total equity | | 1,182 | 1,400 |
| | | <hr/> | <hr/> |

The notes on pages 9 to 21 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 29 September 2016 and were signed on its behalf by:



Nairn Black
Director

Company registered number: SC281567

Statement of Changes in Equity

| | Share Capital £000 | Retained earnings £000 | Total equity £000 |
|---|--------------------------|------------------------------|-------------------------|
| Balance at 1 December 2013 | 500 | 235 | 735 |
| Total comprehensive income for the period | | | |
| Profit for the period | - | 665 | 665 |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | - | 665 | 665 |
| | <hr/> | <hr/> | <hr/> |
| Transactions with owners, recorded directly in equity | | | |
| Dividends | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total contributions by and distributions to owners | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Balance at 30 November 2014 | 500 | 900 | 1,400 |
| | <hr/> | <hr/> | <hr/> |

| | Share Capital £000 | Retained earnings £000 | Total equity £000 |
|---|--------------------------|------------------------------|-------------------------|
| Balance at 1 December 2014 | 500 | 900 | 1,400 |
| Total comprehensive income for the period | | | |
| Loss for the period | - | (218) | (218) |
| | <hr/> | <hr/> | <hr/> |
| Total comprehensive income for the period | 500 | 682 | 1,182 |
| | <hr/> | <hr/> | <hr/> |
| Transactions with owners, recorded directly in equity | | | |
| Dividends | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total contributions by and distributions to owners | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 2015 | 500 | 682 | 1,182 |
| | <hr/> | <hr/> | <hr/> |

Notes

(forming part of the financial statements)

1 Accounting policies

Parsons Peebles Generation Limited (the “Company”) is a Company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101 from Adopted IFRS, the Company has made no measurement and recognition adjustments.

The Company’s ultimate parent undertaking, Parsons Peebles Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Parsons Peebles Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 1 Redwood Crescent, Peel Park, East Kilbride, G74 5PA.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Parsons Peebles Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

After making enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company 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; 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.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

| | |
|--|---------------|
| Plant and machinery, fixtures & fittings | 5 to 10 years |
| Computer equipment | 3 years |
| Motor vehicles | 4 years |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

1.8 Long term contracts

Certain contracts undertaken by the Company which extend beyond the balance sheet date and which are material to the overall results of the Company are accounted for as long term contracts notwithstanding that the duration of the contract may be less than one year.

Amounts recoverable on such contracts are included in debtors. These amounts represent cost plus attributable profit less total progress payments received and receivable. Where total progress payments and provisions for losses exceed the costs incurred plus attributable profit, the excess is shown in creditors falling due within one year. Profit is taken on such contracts only when their outcome can be foreseen with reasonable certainty. In determining the amount of profit taken at the period end the main facts considered are the experience, if any, of similar contracts and the estimated percentage completion. Anticipated losses are provided in full.

1.9 Inventories

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.10 Impairment excluding inventories, and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.10 Impairment excluding inventories, and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

1.12 Revenue

Revenue represents the cost plus attributable profit in respect of the stage of completion of work performed in the period on new build and repair contracts and the amounts invoiced in the period in relation to the supply of spares to third party customers.

Notes (continued)

1 Accounting policies (continued)

1.13 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Financing income comprises interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Turnover

| | 13 months to 31 December 2015 £000 | Year ending 30 November 2014 £000 |
|---|---|--|
| New build contracts | 2,306 | 2,732 |
| Aftermarket contracts, including supply of spares | 5,038 | 4,454 |
| Total turnover | <u>7,344</u> | <u>7,186</u> |

3 Expenses and auditor's remuneration

| | 13 months to 31 December 2015 £000 | 11 months to 30 November 2014 £000 |
|--|---|---|
|--|---|---|

(Loss)/profit before tax is stated after charging:

Depreciation and other amounts written off tangible fixed assets:

| | | |
|--|------------|------------|
| Owned | 167 | 98 |
| Hire of plant and machinery - operating leases | 1 | 1 |
| Hire of other assets - operating leases | 30 | 37 |
| | <u>200</u> | <u>136</u> |

Auditor's remuneration:

| | 13 months to 31 December 2015 £000 | Year ending 30 November 2014 £000 |
|-------------------------------------|---|--|
| Audit of these financial statements | 13 | 13 |
| | <u>13</u> | <u>13</u> |

4 Staff numbers and costs

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

| | Number of employees 13 months to 31 December 2015 | Year ending 30 November 2014 |
|--------------------------|--|------------------------------------|
| Production | 41 | 39 |
| Sales and administration | 28 | 21 |
| | <u>69</u> | <u>60</u> |

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

| | 13 months to 31 December 2015 £000 | Year ending 30 November 2014 £000 |
|---|---|--|
| Wages and salaries | 3,012 | 2,226 |
| Social security costs | 370 | 227 |
| Contributions to defined contribution plans | 138 | 101 |
| | <u>3,520</u> | <u>2,554</u> |

5 Directors' remuneration

Remuneration of the directors was borne by another group Company in the current and prior year.

6 Finance income and expense

Recognised in profit

| | 13 months to 31 December 2015 £000 | Year ending 30 November 2014 £000 |
|-----------------------|---|--|
| Finance expense | 2 | 1 |
| Total finance expense | <u>2</u> | <u>1</u> |

Notes (continued)

7 Taxation

Recognised in the income statement

| | 13 months to 31 December 2015 £000 | Year ending 30 November 2014 £000 |
|---|---|--|
| Current tax (credit)/expense | (87) | 197 |
| Deferred tax charge | | |
| Origination and reversal of temporary differences | 40 | 4 |
| Deferred tax charge | 40 | 4 |
| Tax (credit)/expense in income statement | (47) | 201 |
| Total tax (credit)/expense | (47) | 201 |

Reconciliation of effective tax rate

| | 13 months to 31 December 2015 £000 | Year ending 30 November 2014 £000 |
|--|---|--|
| (Loss)/Profit for the year | (218) | 665 |
| Total tax (credit)/expense | (47) | 201 |
| (Loss)/profit excluding taxation | (265) | 866 |
| Tax using the UK corporation tax rate of 20.31% (2013: 21.67%) | (54) | 188 |
| Non-deductible expenses | 3 | 4 |
| Other timing differences | 12 | 7 |
| Other | (8) | 2 |
| Total tax (credit)/expense | (47) | 201 |

Reductions in the corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantially enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantially enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the budget on 16 March 2016. This will reduce the company's tax charge accordingly.

Notes (continued)

8 Property, plant and equipment

| | Plant and Machinery £000 | Computer equipment £000 | Motor vehicles £000 | Fixtures & Fittings £000 | Total £000 |
|------------------------------------|--------------------------------|-------------------------------|---------------------------|--------------------------------|---------------|
| Cost | | | | | |
| Balance at 1 December 2014 | 605 | 397 | 17 | 126 | 1,145 |
| Acquisitions | 76 | 55 | - | 71 | 202 |
| Disposals | - | (1) | - | - | (1) |
| Balance at 31 December 2015 | 681 | 451 | 17 | 197 | 1,346 |
| Depreciation and impairment | | | | | |
| Balance at 1 December 2014 | 470 | 289 | 17 | 35 | 811 |
| Depreciation charge for the year | 50 | 63 | - | 54 | 167 |
| Balance at 31 December 2015 | 520 | 352 | 17 | 89 | 978 |
| Net book value | | | | | |
| At 31 December 2015 | 161 | 99 | - | 108 | 368 |
| At 30 November 2014 | 135 | 108 | - | 91 | 334 |

9 Intangible assets

| | Goodwill £000 |
|---|------------------|
| Cost | |
| Balance at 1 December 2014 and 31 December 2015 | 10 |
| Amortisation and impairment | |
| Balance at 1 December 2014 and 31 December 2015 | 10 |
| Net book value | |
| At 30 November 2014 | - |
| At 31 December 2015 | - |

Notes (continued)

10 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Assets 2015 £000 | 2014 £000 | Liabilities 2015 £000 | 2014 £000 | Net 2015 £000 | 2014 £000 |
|---------------------------------|------------------------|--------------|-----------------------------|--------------|---------------------|--------------|
| Property, plant and equipment | (6) | (29) | - | - | (6) | (29) |
| Tax (assets) / liabilities | (6) | (29) | - | - | (6) | (29) |
| Net of tax liabilities/(assets) | - | - | - | - | - | - |
| Net tax (assets) / liabilities | (6) | (29) | - | - | (6) | (29) |

Movement in deferred tax during the year

| | 1 December 2014 £000 | Recognised in income £000 | 31 December 2015 £000 |
|-------------------------------|----------------------------|---------------------------------|-----------------------------|
| Property, plant and equipment | (29) | 23 | (6) |
| | (29) | 23 | (6) |

11 Inventories

| | 2015 £000 | 2015 £000 |
|-------------------------------|--------------|--------------|
| Raw materials and consumables | 52 | 52 |
| Work in progress | 207 | 15 |
| | 259 | 67 |

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £46,000 (2013: £44,000).

Notes (continued)

12 Trade and other receivables

| | 2015 £000 | 2014 £000 |
|------------------------------------|--------------|--------------|
| Trade receivables | 1,217 | 1,288 |
| Amounts recoverable on contracts | 136 | 69 |
| Amounts owed by group undertakings | - | 11 |
| Prepayments and accrued income | 114 | 160 |
| Deferred tax asset | 6 | - |
| Other debtors | 4 | 4 |
| | <u>1,471</u> | <u>1,532</u> |

Debtors include £nil (2013: £nil) due after more than one year.

Trade debtors include retentions of £nil (2014: £nil) relating to construction contracts in progress.

13 Trade and other payables

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| Trade payables | 323 | 610 |
| Non-trade payables and accrued expenses | 333 | 255 |
| Payments on account | 285 | 267 |
| Amounts due to group undertakings | 200 | 194 |
| | <u>1,141</u> | <u>1,326</u> |

Progress billings and advances received from customers under open new build contracts or for which related work has not started, and billings in excess of costs incurred and recognised profits are presented as deferred income and amounted to £285,000 (2014: £267,000) at 31 December 2015.

14 Employee benefits

Pension plans

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £137,720 (2014: £101,745).

Notes (continued)

15 Capital and reserves

Share capital

| | Ordinary shares 2015 |
|--|-------------------------|
| In thousands of shares | |
| On issue at 1 December 2014 and 31 December 2015 | 500 |
| | <hr/> |
| | 2015 £000 |
| <i>Allotted, called up and fully paid</i> | |
| Ordinary shares of £1 each | 500 |
| | <hr/> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

No dividends were recognised during the period (2014: £nil)

16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

| | 2015 £000 | 2014 £000 |
|----------------------------|--------------|--------------|
| Within one year | 228 | 215 |
| Between two and five years | 305 | 508 |
| | <hr/> | <hr/> |
| | 533 | 723 |
| | <hr/> | <hr/> |

During the year £240,000 was recognised as an expense in the income statement in respect of operating leases (2014: £204,000).

17 Commitments

Capital commitments

The Company had no commitments to purchase property, plant and equipment outstanding at 31 December 2015 (2014: nil).

18 Contingencies

On 15 December 2015, the Company, along with Parsons Peebles Group Limited and its subsidiaries entered into a new banking facility with Allied Irish Banks (AIB), which gives access to a revolving credit facility and other ancillary facilities. The Company granted a bond and floating charge and a shares pledge in favour of AIB in respect of these facilities.

Notes (continued)

19 Related parties

In accordance with FRS101.8, the company has taken the exemption available to not disclose transactions with wholly owned subsidiaries within the Parsons Peebles Group.

20 Ultimate parent Company and parent Company of larger group

The Company is a subsidiary undertaking of Parsons Peebles Group Limited which is the ultimate parent Company incorporated in United Kingdom. The ultimate controlling party is Clyde Blowers Capital Fund III LP.

The largest group in which the results of the Company are consolidated is that headed by Parsons Peebles Group Limited. The consolidated financial statements of these groups are available to the public and may be obtained from 1 Redwood Crescent, Peel Park, East Kilbride, G74 5PA.

21 Accounting estimates and judgements

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Areas requiring the directors to make judgements, estimates and assumptions are highlighted in these accounting policies and throughout the notes to the financial statements. Key estimates and judgement areas are as follows:

Amounts recoverable on contracts

The recoverability of amounts recoverable on contracts are kept under constant review (refer to note 11).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and to select a suitable discount rate in order to calculate the present value.