

COMPANY REGISTRATION NUMBER SC298532

DENHOLM MACNAMEE LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2011



DENHOLM MACNAMEE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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DENHOLM MACNAMEE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Directors

G W Finnerty
D C Symon
A Little
J S Denholm
R A Wood
B J Ritchie (Appointed 26 March 2012)

Secretary

G A Hanson

Registered office

18 Woodside Crescent
Glasgow
G3 7UL

Independent auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

DENHOLM MACNAMEE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The directors submit their report and the financial statements of the company for the year ended 31 December 2011.

This directors' report has been prepared in accordance with the special provisions relating to small sized companies under section 417 of the Companies Act 2006.

Principal activities

The principal activity of the company is pipeline maintenance, rental of industrial pumps and equipment and the supply of industrial cleaning services.

Results and dividends

The loss for the year after taxation was £1,986 (2010 – loss of £44,464). The directors do not recommend a payment of a dividend for the year ended 31 December 2011 (2010 - £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). 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 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 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.

DENHOLM MACNAMEE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

Directors' responsibilities statement *(continued)*

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 Annual Report and financial statements.

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.

Close company provisions

In the opinion of the directors, the company is a close company within the meaning of S.439 Corporation Tax Act, 2010.

By order of the Board on 22 June 2012



G A HANSON
Company Secretary

DENHOLM MACNAMEE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM MACNAMEE LIMITED

YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of Denholm MacNamee Limited, company registration number SC298532, for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet 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).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DENHOLM MACNAMEE LIMITED

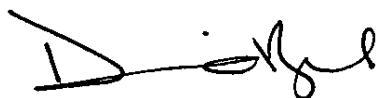
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENHOLM
MACNAMEE LIMITED** *(continued)*

YEAR ENDED 31 DECEMBER 2011

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 in preparing the Directors' Report.



David Bell CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow
United Kingdom

22nd June 2012

DENHOLM MACNAMEE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
TURNOVER	2	7,312,845	5,386,566
Cost of sales		<u>(5,484,009)</u>	<u>(3,665,331)</u>
GROSS PROFIT		1,828,836	1,721,235
Administrative expenses		<u>(1,812,573)</u>	(1,621,291)
Other operating income	3	15,171	4,189
OPERATING PROFIT	4	31,434	104,133
Interest payable	7	<u>(49,948)</u>	<u>(97,407)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(18,514)</u>	6,726
Tax on (loss)/profit on ordinary activities	8	16,528	(51,190)
LOSS FOR THE FINANCIAL YEAR	21	<u>(1,986)</u>	<u>(44,464)</u>

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

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £1,986 attributable to the shareholders for the year ended 31 December 2011 (2010 - loss of £44,464). Accordingly, a statement of total recognised gains and losses is not presented.

The notes on pages 8 to 16 form part of these financial statements.

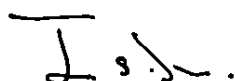
DENHOLM MACNAMEE LIMITED

BALANCE SHEET

31 DECEMBER 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Intangible assets	9	248,212	13,847
Tangible assets	10	2,025,958	1,534,625
Investments	11	-	-
		<u>2,274,170</u>	<u>1,548,472</u>
CURRENT ASSETS			
Stocks	12	59,802	507,068
Debtors due within one year	13	2,109,984	1,799,830
Cash at bank and in hand		331,974	457,068
		<u>2,501,760</u>	<u>2,763,966</u>
CREDITORS: Amounts falling due within one year	14	<u>(2,620,827)</u>	<u>(2,103,680)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(119,067)</u>	<u>660,286</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,155,103</u>	<u>2,208,758</u>
CREDITORS: Amounts falling due after more than one year	15	<u>(1,314,319)</u>	<u>(1,314,319)</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	17	<u>(28,394)</u>	<u>(80,063)</u>
NET ASSETS		<u>812,390</u>	<u>814,376</u>
CAPITAL AND RESERVES			
Called-up share capital	20	1,000,000	1,000,000
Profit and loss account	21	<u>(187,610)</u>	<u>(185,624)</u>
SHAREHOLDERS' FUNDS	22	<u>812,390</u>	<u>814,376</u>

These financial statements were approved by the Board on 22nd June 2012



J S DENHOLM
Director

The notes on pages 8 to 15 form part of these financial statements.

DENHOLM MACNAMEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards. They have been prepared on a going concern basis, as explained in the Directors' report.

The principal accounting policies are summarised below. They have been adopted consistently throughout the year and the preceding year.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company publishes consolidated financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts earned during the year and is stated net of Value Added Tax.

Intangible assets

Trading licences acquired are capitalised at cost and amortised over their useful economic life, which is four years.

Goodwill arising on the purchase of a business is capitalised and written off on a straight line basis over five years. Provision is made for any impairment.

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:

Leasehold Property	-	over the lesser of the lease or 10 years
Plant & Machinery	-	4 years
Fixtures & Fittings	-	4 years
Motor Vehicles	-	4 years
Equipment	-	4 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

DENHOLM MACNAMEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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 taxation is recognised as an asset or liability if transactions have occurred at the balance sheet date that give rise to an obligation to pay more tax or a right to pay less tax in the future. An asset is not recognised unless it is more likely than not that the transfer of economic benefits will crystallise in the future. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. All monetary liabilities and assets are translated at the year end exchange rates or, if appropriate, at a forward contract rate. Exchange differences are taken into account in arriving at the operating result. There were no foreign exchange forward contracts outstanding at the current or prior year end.

2. TURNOVER

The turnover is attributable to the one principal activity of the company.
 An analysis of turnover is given below:

	2011	2010
	£	£
United Kingdom	6,421,195	4,691,471
Overseas	891,650	695,095
	<u>7,312,845</u>	<u>5,386,566</u>

3. OTHER OPERATING INCOME

	2011	2010
	£	£
Profit on disposal of fixed assets	<u>15,171</u>	<u>4,189</u>

DENHOLM MACNAMEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2011	2010
	£	£
Amortisation of intangible assets	64,250	4,528
Depreciation of tangible fixed assets	608,338	530,524
Profit on disposal of fixed assets	(15,171)	(4,189)
Auditor's remuneration – audit fees	6,314	6,314
Loss on foreign exchange	963	29,749
Operating lease costs:		
Land and buildings	<u>124,324</u>	<u>103,549</u>

5. PARTICULARS OF EMPLOYEES

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

	2011	2010
	Number	Number
Number of administrative staff	9	11
Number of management staff	7	7
Number of technical staff	<u>32</u>	<u>27</u>
	<u>48</u>	<u>45</u>

The aggregate payroll costs of the above were:

	2011	2010
	£	£
Wages and salaries	1,880,032	1,712,538
Social security costs	218,608	216,140
Other pension costs	65,915	99,666
	<u>2,164,555</u>	<u>2,028,344</u>

6. DIRECTORS' REMUNERATION

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

	2011	2010
	£	£
Remuneration receivable	225,018	241,541
Company contributions to money purchase schemes	18,263	17,814
Company contributions to personal pension schemes	-	6,081
	<u>243,281</u>	<u>265,436</u>

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

	2011	2010
	Number	Number
Money purchase schemes	<u>2</u>	<u>2</u>

DENHOLM MACNAMEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

7. INTEREST PAYABLE

	2011	2010
	£	£
Interest payable on amounts owed to group undertakings	<u>49,948</u>	<u>97,407</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of (credit)/charge in the year

	2011	2010
	£	£
Current tax:		
UK Corporation tax based on the results for the year	50,285	72,796
Over provision in prior year	<u>(15,144)</u>	<u>(14,192)</u>
Total current tax	35,141	58,604
Deferred tax:		
Origination and reversal of timing differences	(51,669)	(67,662)
Adjustment in respect of prior year	-	60,248
Total deferred tax (note 17)	<u>(51,669)</u>	<u>(7,414)</u>
Tax on loss on ordinary activities	<u>(16,528)</u>	<u>51,190</u>

(b) Factors affecting current tax (credit)/charge for the period

The current tax for the year differs from the standard rate of corporation tax in the UK for the reasons set out in the following reconciliation:

	2011	2010
	£	£
(Loss)/profit on ordinary activities before taxation at 26.5% (2010 – 28%)	<u>(18,514)</u>	<u>6,726</u>
Tax on (loss)/profit on ordinary activities before tax	(4,906)	1,883
Effects of:		
Expenses not deductible for tax purposes	4,472	6,505
Accounting depreciation in excess of capital allowances	33,528	67,662
Goodwill amortisation not eligible for tax purposes	15,827	-
Provision against investments not deductible for tax purposes	4,214	-
Difference in current tax rate and deferred tax rate	(2,851)	-
Adjustment in respect of prior periods	<u>(15,143)</u>	<u>(17,446)</u>
	<u>35,141</u>	<u>58,604</u>

DENHOLM MACNAMEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

9. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 January 2011	22,500
Transfer from investments (note 11)	298,615
At 31 December 2011	<u>321,115</u>
Amortisation	
At 1 January 2011	8,653
Charge for the year	64,250
At 31 December 2011	<u>72,903</u>
Net Book Value	
At 31 December 2011	<u>248,212</u>
At 31 December 2010	<u>13,847</u>

10. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Jan 2011	30,700	3,323,027	39,737	216,381	98,036	3,707,881
Additions	-	1,008,099	16,483	74,565	6,751	1,105,898
Disposals	-	(10,199)	-	(24,916)	-	(35,115)
At 31 Dec 2011	<u>30,700</u>	<u>4,320,927</u>	<u>56,220</u>	<u>266,030</u>	<u>104,787</u>	<u>4,778,664</u>
Depreciation						
At 1 Jan 2011	5,513	1,934,539	25,607	130,913	76,684	2,173,256
Charge for the year	10,075	530,993	9,984	46,541	10,745	608,338
On disposals	-	(10,200)	-	(18,688)	-	(28,888)
At 31 Dec 2011	<u>15,588</u>	<u>2,455,332</u>	<u>35,591</u>	<u>158,766</u>	<u>87,429</u>	<u>2,752,706</u>
Net Book Value						
At 31 Dec 2011	<u>15,112</u>	<u>1,865,595</u>	<u>20,629</u>	<u>107,264</u>	<u>17,358</u>	<u>2,025,958</u>
At 31 Dec 2010	<u>25,187</u>	<u>1,388,488</u>	<u>14,130</u>	<u>85,468</u>	<u>21,352</u>	<u>1,534,625</u>

The leasehold property above relates to a lease with less than 50 years unexpired.

DENHOLM MACNAMEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

11. INVESTMENTS

	Shares in subsidiary undertakings £
Cost	
At 1 Jan 2011	-
Additions	314,518
Transfer to goodwill (note 9)	(298,615)
Provision for impairment	(15,903)
At 31 Dec 2011	<u>-</u>

In January 2011, the company acquired the entire share capital of TankTech Services Limited, a chemical cleaning company serving the oil industry. In March 2011, the trade, assets and liabilities of the subsidiary were transferred to the company at net book value. The excess of the cost of the investment over the net assets of the subsidiary has been re-designated as goodwill (per note 9). Following this transfer, the remaining value of the investment was written off.

12. STOCKS

	2011 £	2010 £
Raw materials	40,229	483,000
Work in progress	19,573	24,068
	<u>59,802</u>	<u>507,068</u>

13. DEBTORS

	2011 £	2010 £
Trade debtors	1,872,377	1,446,651
Amounts owed by group undertakings	61,638	22,924
Corporation tax repayable	12,806	162,627
Other debtors	86,280	50,086
Prepayments and accrued income	76,883	117,542
	<u>2,109,984</u>	<u>1,799,830</u>

14. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	708,145	528,217
Amounts owed to group undertakings	549,719	-
Other taxation and social security	165,323	309,558
Other creditors	1,197,640	1,265,905
	<u>2,620,827</u>	<u>2,103,680</u>

The amount due to a group undertaking within one year is in respect of a loan from the immediate parent undertaking which bears interest at a fixed rate of 4% and is repayable on demand.

DENHOLM MACNAMEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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

	2011 £	2010 £
Amounts owed to group undertakings	<u>1,314,319</u>	<u>1,314,319</u>

The amount due to a group undertaking after more than one year is in respect of a loan from the immediate parent undertaking which bears interest at a fixed rate of 4% and is repayable by 31 January 2013.

16. PENSIONS

The company contributes to a defined contribution scheme for which the pension charge in the company for the year amounted to £65,915 (2010 - £93,585).

17. DEFERRED TAXATION

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

	2011 £	2010 £
Provision brought forward	80,063	87,477
Profit and loss account movement arising during the year (note 8)	<u>(51,669)</u>	<u>(7,414)</u>
Provision carried forward	<u>28,394</u>	<u>80,063</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2011 £	2010 £
Accounting depreciation in excess of capital allowances	<u>28,394</u>	<u>80,063</u>

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2011 £	2010 £
Operating leases which expire:		
Within 1 year	-	15,000
Within 2 - 5 years	<u>111,200</u>	<u>80,000</u>
	<u>111,200</u>	<u>95,000</u>

19. RELATED PARTY TRANSACTIONS

Transactions with entities in which the J. & J. Denholm Limited group of companies has 100% of the voting rights are not disclosed as permitted by Financial Reporting Standard No.8 - "Related Party Disclosures".

DENHOLM MACNAMEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

20. SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010	
	Number <u>1,000,000</u>	£ <u>1,000,000</u>	Number <u>1,000,000</u>	£ <u>1,000,000</u>
Ordinary shares of £1 each				

21. PROFIT AND LOSS ACCOUNT

	2011 £	2010 £
Balance brought forward	(185,624)	(141,160)
Loss for the financial year	<u>(1,986)</u>	<u>(44,464)</u>
Balance carried forward	<u>(187,610)</u>	<u>(185,624)</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Loss for the financial year	(1,986)	(44,464)
Opening shareholders' funds	<u>814,376</u>	<u>858,840</u>
Closing shareholders' funds	<u>812,390</u>	<u>814,376</u>

23. ULTIMATE PARENT COMPANY

The immediate parent company is Denholm Oilfield Services Limited, a company registered in Scotland. The ultimate parent undertaking is J. & J. Denholm Limited. Copies of the accounts of J. & J. Denholm Limited, the smallest and largest group which consolidates the accounts of the company may be obtained from the Registrar of Companies, Crown Way, Cardiff, CF14 3UZ.