Kongsberg GeoAcoustics Limited

Report and Financial Statements

31 December 2012

Directors
A Olsen
K H Pedersen
B Jalving
S Tetlie

Secretary
J Burton

Auditors
Ernst & Young LLP
One Cambridge Business Park
Cambridge CB4 0WZ

Registered Office
Shuttleworth Close
Gapton Hall Industrial Estate
Great Yarmouth
Norfolk NR31 0NQ

Registered No 2571389

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation amounted to £92 781 (2011 – profit of £875,333) The directors do not recommend a final dividend (2011 – £nil)

Principal activities, review of the business and future developments

The principal activities of the company continued to be that of the manufacture and supply of seabed survey equipment

Business review

The year ended 31 December 2012 was a good year in terms of income by historical standards (second highest historically), but was around 10% below plan The year started well, had a pronounced slowdown in the summer months and then a resurgence in the final quarter This cycle, also noticeable in 2011 may reflect increasing consolidation of the market and customer base, with a trend towards a more unified or global annual purchasing cycle

One reason for the lower profitability figures is increased overheads After the successful results of 2011 staffing levels were increased by 10% to bring our numbers up to around 40 This was seen as necessary to increase production capacity to increase customer support capability as the customer base expands and also to increase engineering resources on critical projects, as part of a long term growth strategy OPEX costs were again well controlled in 2012 for example overtime was significantly reduced over the year Another positive sign is the year on year increase in new digital sonar product sales, however this growth has been at a lower rate than initially hoped

The market over the long term is seen as good Oil prices remain on the high side and investment in oil and gas exploration, particularly in Brazil is at a high level There is reasonable certainty that the global market will grow in the next five years, but with inter-annual and regional variability To take advantage of the long term increase, a global growth strategy is being pursued by Kongsberg In Kongsberg GeoAcoustics, we cautiously took the path of organic growth, and the board of directors anticipated some reduction in EBITDA margin as we invested through 2012 However there has been pronounced slowdown in the US and EU markets particularly in the government sectors and this has had some impact In general we see benefits from integration with the global Kongsberg sales network, with around 50% of sales now going through regional offices

Order levels looking forward are good with the trend of higher levels but over longer horizons continuing There have also been good sales during 2012 into Eastern Europe, with several "first sales into new countries and we see this continuing in 2013 One significant positive change in summer 2012 was the acceptance of an order for a 3-D GeoChirp system to China, with delivery mid-2013 Part of the recruitment drive was to appoint a dedicated product manager/engineer for the first (and future) sales of this system

Going concern

On the basis of the directors' assessment of the financial position of the company they have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and will be able to meet its obligations as they fall due Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Directors' report (continued)

Directors

The directors who served the company during the year were as follows

A Olsen
K H Pedersen
B Jalving (appointed 21 February 2012)
S Tetlie (appointed 21 February 2012)
R A Klepaker (resigned 21 February 2012)
N Riahi (resigned 21 February 2012)

Directors' liabilities

The company has taken out insurance to indemnify, against third party proceedings, the directors of the company whilst serving on the board of the company and of any subsidiary This cover together with that taken out by certain subsidiaries, where relevant, indemnifies all employees of the group who serve on the boards of all subsidiaries These indemnity policies subsisted throughout the year and remain in place at the date of this report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

B Jalving
Director
Date 4 SEPTEMBER 2013

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of Kongsberg GeoAcoustics Limited

We have audited the financial statements of Kongsberg GeoAcoustics Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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 Statement of Directors' Responsibilities 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

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 Directors' 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 the 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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (continued)

to the members of Kongsberg GeoAcoustics Limited

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

Ernst & Young LLP

Ian C Strachan (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Cambridge
6 September 2013

Profit and loss account

for the year ended 31 December 2012

	Notes	*2012* £	*2011* £
Turnover	2	4,906,853	5,465,886
Cost of sales		(2 759,679)	(2,885,105)
Gross profit		2 147,174	2 580,781
Distribution costs		(500,924)	(476,183)
Administrative expenses		(1 716,412)	(1,638,733)
Other operating income	3	7,676	7,112
Operating (loss)/profit	4	(62,486)	472 977
Dividend received		126,088	559,766
Interest receivable		89	114
Interest payable	7	(1,470)	(7,195)
Profit on ordinary actvities before taxation		62,221	1 025 662
Tax on profit on ordinary activities	8	30,560	(150,329)
Profit for the financial year	18	92,781	875,333

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

	2012	2011
	£	£
Profit for the financial year	92 781	875.333
Exchange difference on retranslation of net assets of branch	5 200	10 388
Unrealised profit on revaluation of freehold property	180 117	-
Total recognised gains and losses relating to the year	278,098	885 721

Note of historical cost profits and losses

	2012	2011
	£	£
Reported profit on ordinary activities before taxation	62,221	1 025 662
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	23,382	23,382
Historical cost profit on ordinary activities before taxation	85,603	1,049,044
Historical cost profit for the year after taxation	116,163	898 715

Balance sheet

at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	9	1,198,002	1,235,743
Tangible assets	10	1,659,050	1,391,530
Investments	11	39,000	39,000
		2,896,052	2,666,273
Current assets			
Stocks	12	1,426,873	1,423,847
Debtors	13	982,677	1,002,191
Cash at bank and in hand		61,672	468,881
		2,471,222	2,894,919
Creditors amounts falling due within one year	14	(795,278)	(1,364,500)
Net current assets		1,675,944	1,530,419
Total assets less current liabilities		4,571,996	4,196,692
Creditors amounts falling due after more than one year	15	(150 000)	(1,900)
Provisions for liabilities			
Deferred tax	8(c)	(19,592)	(61,456)
Other provisions	16	(171,680)	(180 710)
Net assets		4,230,724	3,952,626
Capital and reserves			
Called up share capital	17	730	730
Revaluation reserve	18	1,059,941	903,206
Capital redemption reserve	18	300	300
Profit and loss account	18	3,169,753	3,048,390
Shareholders' funds	19	4,230,724	3,952,626

These financial statements were approved by the board of directors and were signed on its behalf by

B Jalving
Director

A Olsen
Director

Date 4 SEPTEMBER 2013

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, subject to the revaluation of freehold and leasehold properties and in accordance with applicable accounting standards

Group financial statements

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006 These financial statements therefore present information about the company as an individual undertaking and not about its group

Statement of cash flows

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose group financial statements are publicly available, is exempt from the requirement to draw up a statement of cash flows in accordance with FRS 1

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax

Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer, usually on dispatch of the goods

Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt the balance of any related research and development is written off to the profit and loss account

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold buildings	–	50 years
Plant and machinery	–	5 years
Motor vehicles	–	4 years
Furniture, fixtures and equipment	–	5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

Investments

Investments held as fixed assets are shown at cost less provision for impairment

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the balance sheet date there is a binding agreement to dispose of the assets concerned However no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2. Turnover

An analysis of turnover by geographical market is given below

	2012	*2011*
	£	*£*
United Kingdom	1 378,189	1,616 275
Rest of Europe	813,632	1,167,564
USA and Canada	902 581	656,679
Middle East	154 834	266,400
Asia	1,224,798	1,373,574
Africa and India	309 844	114,469
Rest of world	122,975	270,925
	4 906 853	5,465 886

3. Other operating income

	2012	*2011*
	£	*£*
Net rents receivable	7,326	7,107
Other operating income	350	5
	7,676	7 112

Notes to the financial statements

at 31 December 2012

4. Operating (loss)/profit

This is stated after charging/(crediting)

	2012	*2011*
	£	*£*
Amortisation of intellectual property	131,065	101 682
Depreciation of tangible fixed assets – owned by the company	137,904	103,644
Operating lease rentals – other operating leases	22,282	17,232
Difference on foreign exchange	22 383	28 595
Amortisation of deferred research and development expenditure	166,060	176 057
Research and development expenditure	455 601	392 503
(Profit)/loss on disposal of fixed assets	(17 932)	15,822

During the year no director received any remuneration from the company (2011 – £nil) Other group companies paid remuneration amounting to £8 000 (2011 - £8,000) to the directors of the company in respect of qualifying services

5. Auditors' remuneration

	2012	*2011*
	£	*£*
Fees payable to the company's auditor for the audit of the company s annual financial statements	13,562	12,375

6. Staff costs

	2012	*2011*
	£	*£*
Wages and salaries	1,348,119	1,307,385
Social security costs	125,575	122,304
Other pension costs	42,771	39 108
	1,516,465	1,468 797

The average monthly number of employees during the year was made up as follows

	No	*No*
Production	13	12
Engineering	12	11
Marketing and sales	6	4
Management and administration	6	7
	37	34

Notes to the financial statements

at 31 December 2012

7. Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	891	2,312
On loans from group undertakings	54	4,883
Other interest payable	525	-
	1,470	7,195

8. Tax on profit on ordinary activities

(a) The tax (credit)/charge is made up as follows

	2012	2011
	£	£
Current tax.		
UK corporation tax on the profit for the year	11,000	29,000
Adjustments in respect of prior years	304	(32 901)
	11,304	(3,901)
Foreign tax on income for the year	-	(671)
Total current tax (note 8(b))	11,304	(4,572)
Deferred tax		
Origination and reversal of timing differences	(61,532)	(63,134)
Tax losses utilised	19 668	218,035
Total deferred tax (note 8(c))	(41 864)	154,901
Tax on profit on ordinary activities	(30,560)	150 329

Notes to the financial statements

at 31 December 2012

8. Tax (continued)

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 24 5% (2011 – 26 5%) The differences are explained below

	2012	*2011*
	£	*£*
Profit on ordinary activities before tax	62 221	1,025,662
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 – 26 5%)	15,244	271 801
Effects of		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,675	3,975
Depreciation in excess of capital allowances	9,977	12,245
Foreign tax payable	-	(671)
Adjustments to tax charge in respect of prior periods	304	(32,901)
UK tax on overseas subsidiary profits	11,000	29,000
Uplift of allowance for research and development	38,285	29,458
Tax losses utilised	(36,853)	(173,798)
Dividend from subsidiary	(30 892)	(148,338)
Short term timing differences	564	4,657
Current tax for the year (note 8(a))	11,304	(4 572)

(c) Deferred tax

	Deferred tax
	£
At 1 January 2012	61,456
Profit and loss account credit	(41,864)
At 31 December 2012	19,592

The deferred tax liability is made up as follows

	2012	*2011*
	£	*£*
Accelerated capital allowances	213 230	274,839
Tax losses carried forward	(167,290)	(186 958)
Short term timing differences	(26,348)	(26,425)
	19 592	61,456

There are no unprovided deferred tax liabilities/assets at the year end or the previous year end

Notes to the financial statements

at 31 December 2012

8 Tax (continued)

(d) Factors that may affect future tax charges

The main rate of UK corporation tax was reduced from 26% to 24% from 1 April 2012 The Finance Act 2012, enacted in July 2012 reduced further the UK main rate of corporation tax to 23% from 1 April 2013 Deferred tax has been restated accordingly in these financial statements

Additional changes to the main rate of UK Corporation Tax announced in the 20 March 2013 budget will reduce the main rate to 20% by 1 April 2015 These changes had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements The effect of these announced reductions would be to reduce the deferred tax liability by £2,555

The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company

9. Intangible fixed assets

	Patents and trademarks	*Research and development*	*Intellectual property*	*Total*
	£	*£*	*£*	*£*
Cost				
At 1 January 2012	30,327	4,855,708	508,411	5,394,446
Additions	-	7 534	251,850	259,384
At 31 December 2012	30,327	4,863,242	760,261	5 653 830
Amortisation				
At 1 January 2012	30 326	3 740,236	388,141	4,158,703
Charge for the year	-	166,060	131,065	297,125
At 31 December 2012	30 326	3 906 296	519,206	4,455 828
Net book value				
At 31 December 2012	1	956 946	241 055	1 198 002
At 1 January 2012	1	1,115 472	120 270	1 235 743

Notes to the financial statements

at 31 December 2012

10. Tangible fixed assets

	Land and buildings	*Plant and machinery*	*Motor vehicles*	*Furniture, fittings and equipment*	*Total*
	£	*£*	*£*	*£*	*£*
Cost or valuation					
At 1 January 2012	1,200,000	940 916	68 808	190,312	2,400,036
Additions	-	151,516	68,502	24,640	244 658
Disposals	-	(362,849)	(58 813)	(15,682)	(437,344)
Revaluation	50,000	-	-	-	50 000
At 31 December 2012	1 250 000	729,583	78 497	199 270	2,257 350
Depreciation					
At 1 January 2012	102 235	731 146	65,681	109,444	1 008 506
Charge for the year	27 882	74,390	13,176	22,456	137 904
On disposals	-	(343,505)	(58 811)	(15,677)	(417 993)
Revaluation	(130 117)	-	-	-	(130,117)
At 31 December 2012	-	462 031	20 046	116 223	598 300
Net book value					
At 31 December 2012	1,250,000	267 552	58 451	83,047	1 659 050
At 1 January 2012	1 097 765	209 770	3,127	80 868	1 391 530

Cost or valuation at 31 December 2012 is as follows

	Land and buildings
	£
At cost	–
At valuation	
31 December 2012 at market value	1 250,000

The land and buildings were revalued on 31 December 2012 by Arnolds Keys Chartered Surveyors on an open market existing use basis

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	2012	*2011*
	£	*£*
Cost	283,060	283,060
Accumulated depreciation	(97,500)	(93,000)
Net book value	185,560	190 060

Notes to the financial statements

at 31 December 2012

11 Investments

	Investments in subsidiary undertakings
	£
Cost or valuation	
At 1 January 2012 and at 31 December 2012	39,000
Net book value	
At 31 December 2012	39,000
At 1 January 2012	39 000

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	*Class of shares*	*Holding*
Kongsberg GeoAcoustics Pte Limited (registered in Singapore)	Ordinary shares	100%

The aggregate of the share capital and reserves as at 31 December 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	*Aggregate of share capital and reserves*	*Profit*
Kongsberg GeoAcoustics Pte Limited (registered in Singapore)	373,423	61 330

Notes to the financial statements

at 31 December 2012

12. Stocks

	2012	2011
	£	£
Raw materials	255 456	194,204
Work in progress	1 171,417	1,229,643
	1,426,873	1,423,847

13. Debtors

	2012	2011
	£	£
Trade debtors	718,456	648,961
Amounts owed by group undertakings	194 234	296 602
Other debtors	17 988	21 285
Prepayments and accrued income	51,999	33,543
Tax recoverable	-	1 800
	982 677	1,002,191

14 Creditors amounts falling due within one year

	2012	2011
	£	£
Bank loans and overdrafts	6,332	48,174
Payments received on account	144 189	283 380
Trade creditors	362 484	393 488
Amounts owed to group undertakings	53 725	343 952
Corporation tax	11 000	29,000
Social security and other taxes	45 947	36 328
Other creditors	96,359	44,236
Accruals and deferred income	75 242	185,942
	795,278	1 364 500

Bank loans and overdrafts are secured by charges over the assets of the company including its freehold property

Notes to the financial statements

at 31 December 2012

15. Creditors: amounts falling due after more than one year

	2012	*2011*
	£	*£*
Bank loans	-	1,900
Other creditors	150,000	-
	150 000	1 900

Included within the above are amounts falling due as follows

	2012	*2011*
	£	*£*
Between two and five years		
Bank loans	-	1,900
Other creditors	150 000	-
	150 000	1,900

Other creditors relate to future payments for the purchase of the intellectual property acquired in the year

16. Provisions for liabilities

	Warranty
	£
At 1 January 2012	180,710
Additions	85 260
Utilised during the year	(94 290)
At 31 December 2012	171 680

Warranty

A provision is recognised for expected warranty claims based on products sold during the last twenty four months It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within three years of the balance sheet date

17. Issued share capital

		2012		*2011*
Allotted, called up and fully paid	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	730	730	730	730

Notes to the financial statements

at 31 December 2012

18. Movements on reserves

	Capital redemption reserve	*Revaluation reserve*	*Profit and loss account*
	£	*£*	*£*
At 1 January 2012	300	903 206	3,048,390
Profit for the year	-	-	92,781
Transfer between revaluation reserve and profit and loss account	-	(23 382)	23,382
Other movements – exchange difference on retranslation of net assets of branch	-	-	5,200
Unrealised profit on revaluation of freehold property	-	180,117	-
At 31 December 2012	300	1,059,941	3,169 753

19 Reconciliation of shareholders' funds

	2012	*2011*
	£	*£*
Opening shareholders funds	3,952,626	3,066,905
Profit for the year	92,781	875 333
Other recognised gains and losses during the year	5,200	10 388
Unrealised profit on revaluation of freehold property	180,117	-
Closing shareholders' funds	4,230,724	3,952,626

20 Pensions

The company contributes to a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund During the period contributions payable amounted to £42 771 (2011 – £39,108) The unpaid contributions outstanding at the period end included in accruals amounted to £7 088 (2011 – £6,557)

21. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

		2012		*2011*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£	*£*	*£*	*£*
Operating leases which expire				
Within one year	-	-	-	320
In two to five years	-	21,843	-	21,271
	-	21,843	-	21 591

Notes to the financial statements

at 31 December 2012

22. Related party transactions

The company has taken advantage of exemptions conferred by UK Accounting Standard FRS 8 from disclosure of certain related party transactions

23 Ultimate parent undertaking and controlling party

The company s immediate parent undertaking is Kongsberg Maritime Holdings Limited, a company registered in the United Kingdom

The company's ultimate parent undertaking and controlling party is Kongsberg Gruppen ASA, a company registered in Norway The company s results are consolidated into the financial statements of Kongsberg Gruppen ASA and copies of these financial statements may be obtained from its registered address which is Kirkegårdsveien 45, P O Box 1000, 3601 Kongsberg, Norway