Kongsberg GeoAcoustics Limited

Report and Financial Statements

31 December 2013

Directors
B Jalving
S Tetlie
T Nygaard

Secretary
S Ives

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

Strategic report

The directors present their Strategic Report for the year ended 31 December 2013.

Review of the business

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

Sales for the year ended 31 December 2013 were 28% below plan. The year started well, with deliveries and sales meeting budget by end of first quarter. The summer period Q2 and Q3 saw sales tracking slightly below budget but with healthy profitability up to autumn, but the last quarter was unusually weak. The year saw both our record high and our record low month. This tendency towards increasingly variable monthly sales figures, with a strong Q1 and weak latter part of the year, appears to be a trend over recent years, and also 2014 to date. This makes production planning more of a challenge and requires a longer term historical averaging to smooth trends for analysis.

One reason for the lower than planned income figures was the delivery of a new product being delayed until 2014. Despite the poor sales in the Q4, order income in preparation for 2014 was promising.

Another ongoing factor is the increasing competition in the lower cost segment of our market coupled tightly with the reducing cost of high technology. This is shifting the entire market in terms of volumes and prices towards reduced costs per feature, a direction we have successfully exploited in the past. In order to respond to this challenge new products are due for launch in 2014 which in our view will give a strong price/performance advantage over our competitors in two of our traditionally strong application areas. Part of this strategy involves synergistic effort with a sister company. OPEX costs remained under control in 2013, with factors such as overtime carefully planned and managed building up to and through the peak delivery months.

2013 saw the cessation of trade from Konsgberg GeoAcoustics Asia Pte Ltd. We will instead operate in the Asia Pacific region via existing Kongsberg sales offices.

The company's key financial and other performance indicators during the year were as follows:

	2013	*2012*
Gross profit margin	48.1%	43.8%
Earnings before interest tax and amortisation	0.5%	4.8%
Average number of employees	39	37

Principal risks and uncertainties

The principal risks and uncertainties facing the company are:

- Product obsolescence in a market where technological advances are constantly becoming available at more competitive prices
- Time to market of new products

On behalf of the board

Bjorn Jalving

Date: 25 August 2014

Registered No. 2571389

Directors' report

The directors present their report for the year ended 31 December 2013.

Directors

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

B Jalving
S Tetlie
K H Pedersen (resigned 28 November 2013)
A H Olsen (resigned 28 November 2013)
T Nygaard (appointed 28 November 2013)

Dividends

The directors do not recommend payment of a dividend (2012 – £nil).

Future developments

Oil prices have been at over $100/barrel for most of the year, the longer term (5 yr) trend being upwards at around 6%/year despite pressure from strong US exports. Investment in exploration continues, still focussed on Brazil, east Africa and China. This is good for the geophysical exploration equipment market. Territorial and resource management factors are also driving requirements for deep water mapping as well as increased activity in ports and harbours. The offshore wind market is also seen as a strong driver in the Baltic and North Sea, whilst more regulated inland waterways also have impact, as this has revitalised the Eastern European markets and resulted in several other new countries having "first" sales of our equipment. The slow emergence of the EU countries from recession should help with European government and Institute projects.

2014 will see the launch of three new products. This is an ambitious schedule which will stretch the resources of the engineering department. The push towards more collaborative work will continue in the coming years, and we look forward to the challenges this will bring.

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' qualifying third party indemnity provisions

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 auditor

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.

Directors' report (continued)

Auditors

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

On behalf of the board

Bjorn Jalving

Date: 25 August 2014

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 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits 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 5, 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 and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2013 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 Strategic Report and 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 Strachan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
Date: 29 August 2014

Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	4,143,121	4,906,853
Cost of sales		(2,150,846)	(2,759,679)
Gross profit		1,992,275	2,147,174
Distribution costs		(562,484)	(500,924)
Administrative expenses		(1,633,412)	(1,716,412)
Other operating income	3	7,567	7,676
Operating loss	4	(196,054)	(62,486)
Dividend received		232,145	126,088
Interest receivable		897	89
Interest payable	7	(21)	(1,470)
Profit on ordinary activities before taxation		36,967	62,221
Tax	8	66,056	30,560
Profit for the financial year	18	103,023	92,781

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2013

	2013 £	2012 £
Profit for the financial year	103,023	92,781
Exchange difference on retranslation of net assets of branch	8,544	5,200
Unrealised profit on revaluation of freehold property	-	180,117
Total recognised gains and losses relating to the year	111,567	278,098

Note of historical cost profits and losses

	2013 £	2012 £
Reported profit on ordinary activities before taxation	36,967	62,221
Difference between historical cost depreciation and the actual depreciation for the year calculated on the revalued amount	29,159	23,382
Historical cost profit on ordinary activities before taxation	66,126	85,603
Historical cost profit for the year after taxation	132,182	116,163

Balance sheet

at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Intangible assets	9	1,116,016	1,198,002
Tangible assets	10	1,628,952	1,659,050
Investments	11	39,000	39,000
		2,783,968	2,896,052
Current assets			
Stocks	12	1,614,698	1,426,873
Debtors	13	440,500	982,677
Cash at bank and in hand		243,099	61,672
		2,298,297	2,471,222
Creditors: amounts falling due within one year	14	(489,509)	(795,278)
Net current assets		1,808,788	1,675,944
Total assets less current liabilities		4,592,756	4,571,996
Creditors: amounts falling due after more than one year	15	(100,000)	(150,000)
Provisions for liabilities			
Deferred tax	8(c)	-	(19,592)
Other provisions	16	(150,465)	(171,680)
Net assets		4,342,291	4,230,724
Capital and reserves			
Called up share capital	17	730	730
Revaluation reserve	18	1,030,777	1,059,941
Capital redemption reserve	18	300	300
Profit and loss account	18	3,310,484	3,169,753
Shareholders' funds	19	4,342,291	4,230,724

Signed on behalf of the Board

Bjorn Jalving

Date: 25 August 2014

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention 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 2013

1. Accounting policies (continued)

Investments

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

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

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 2013

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:

	2013	*2012*
	£	£
United Kingdom	833,028	1,378,189
Rest of Europe	1,220,851	813,632
USA and Canada	288,901	902,581
Middle East	153,520	154,834
Asia	1,385,803	1,224,798
Africa and India	164,712	309,844
Rest of world	96,306	122,975
	4,143,121	4,906,853

3. Other operating income

	2013	*2012*
	£	£
Net rents receivable	7,567	7,326
Other operating income	-	350
	7,567	7,676

Notes to the financial statements

at 31 December 2013

4. Operating loss

This is stated after charging/(crediting):

	2013 £	2012 £
Amortisation of intellectual property	68,957	131,065
Depreciation of tangible fixed assets – owned by the company	175,112	137,904
Difference on foreign exchange	28,771	22,383
Amortisation of deferred research and development expenditure	146,168	166,060
Research and development expenditure	541,166	455,601
Loss/(profit) on disposal of fixed assets	381	(17,921)
Auditors' remuneration	15,135	13,562
Operating lease rentals – other operating leases	23,347	22,282

5. *Directors' remuneration*

During the year, no director received any remuneration from the company (2012 – £nil). Other group companies paid remuneration amounting to £7,819 (2012 – £8,000) to the directors of the company in respect of qualifying services.

6. Staff costs

	2013 £	2012 £
Wages and salaries	1,408,167	1,348,119
Social security costs	126,389	125,575
Other pension costs	45,556	42,771
	1,580,112	1,516,465

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

	No.	No.
Production	11	13
Engineering	16	12
Marketing and sales	6	6
Management and administration	6	6
	39	37

Notes to the financial statements

at 31 December 2013

7. Interest payable

	2013	2012
	£	£
On bank loans and overdrafts	21	891
On loans from group undertakings	-	54
Other interest payable	-	525
	21	1,470

8. Tax

(a) Tax on profit on ordinary activities

The tax credit is made up as follows:

	2013	2012
	£	£
Current tax:		
UK corporation tax on the profit for the year	-	11,000
Adjustments in respect of prior years	(5,464)	304
Total current tax (note 8(b))	(5,464)	11,304
Deferred tax		
Origination and reversal of timing differences	(39,226)	(61,532)
Tax losses (carried forward) utilised	(21,366)	19,668
Total deferred tax (note 8(c))	(60,592)	(41,864)
Tax on profit on ordinary activities	(66,056)	(30,560)

Notes to the financial statements

at 31 December 2013

8. Tax (continued)

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%). The differences are explained below:

	2013	*2012*
	£	£
Profit on ordinary activities before tax	36,967	62,221
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%)	8,595	15,244
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,488	3,675
Depreciation in excess of capital allowances	19,846	9,977
Adjustments to tax charge in respect of prior periods	(5,464)	304
UK tax on overseas subsidiary profits	-	11,000
Amortisation (non allowable)	33,981	40,685
Additions (capitalised but revenue deduction available)	(30,953)	(1,846)
Uplift (revenue deduction) (30%)	(9,285)	(554)
Tax losses utilised	-	(36,853)
Tax losses carried forward	24,838	-
Dividend from subsidiary	(53,974)	(30,892)
Short term timing differences	3,464	564
Current tax for the year (note 8(a))	(5,464)	11,304

(c) Deferred tax liability/(asset)

	£
At 1 January 2013	19,592
Profit and loss account credit	(60,592)
At 31 December 2013	(41,000)

The deferred tax (asset)/ liability is made up as follows:

	2013	*2012*
	£	£
Accelerated capital allowances	181,918	213,230
Tax losses carried forward	(196,920)	(167,290)
Short term timing differences	(25,998)	(26,348)
	(41,000)	19,592

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

Notes to the financial statements

at 31 December 2013

8. Tax (continued)

(d) Factors that may affect future tax charges

The Finance Act 2012 substantively enacted a rate reduction such that the corporation tax rate was reduced from 24% to 23% with effect from 1 April 2013. Therefore the average corporate tax for the year ended 31 December 2013 is 23.25%. The Finance Act 2013 substantively enacted a rate reduction such that the corporation tax rate was reduced from 23% to 21% with effect from 1 April 2014. The Finance Act 2013 also substantively enacted a rate reduction such that the corporation tax rate was reduced from 21% to 20% with effect from 1 April 2015. Therefore the enacted rate of 20% has been applied to the timing differences at the balance sheet date.

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 2013	30,327	4,863,242	760,261	5,653,830
Additions	-	133,139	-	133,139
At 31 December 2013	30,327	4,996,381	760,261	5,786,969
Amortisation:				
At 1 January 2013	30,326	3,906,296	519,206	4,455,828
Charge for the year	-	146,168	68,957	215,125
At 31 December 2013	30,326	4,052,464	588,163	4,670,953
Net book value:				
At 31 December 2013	1	943,917	172,098	1,116,016
At 1 January 2013	1	956,946	241,055	1,198,002

Notes to the financial statements

at 31 December 2013

10. Tangible fixed assets

	Land and buildings £	*Plant and machinery* £	*Motor vehicles* £	*Furniture, fittings and equipment* £	*Total* £
Cost or valuation:					
At 1 January 2013	1,250,000	729,583	78,497	199,270	2,257,350
Additions	-	159,049	-	25,022	184,071
Disposals	-	(66,755)	-	-	(66,755)
At 31 December 2013	1,250,000	821,877	78,497	224,292	2,374,666
Depreciation:					
At 1 January 2013	-	462,031	20,046	116,223	598,300
Charge for the year	33,659	97,474	17,750	26,229	175,112
On disposals	-	(27,698)	-	-	(27,698)
At 31 December 2013	33,659	531,807	37,796	142,452	745,714
Net book value:					
At 31 December 2013	1,216,341	290,070	40,701	81,840	1,628,952
At 1 January 2013	1,250,000	267,552	58,451	83,047	1,659,050

Cost or valuation at 31 December 2013 is as follows:

	Land and buildings £
At cost	
At 1 January 2013 and 31 December 2013	–
At valuation:	
At 1 January 2013 and 31 December 2013 at market value	1,216,341

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:

	2013 £	*2012* £
Cost	283,060	283,060
Accumulated depreciation	(102,000)	(97,500)
Net book value	181,060	185,560

Notes to the financial statements

at 31 December 2013

11. Investments

	Investments in subsidiary undertakings £
Cost or valuation:	
At 1 January 2013 and 31 December 2013	39,000
Net book value:	
At 1 January 2013 and 31 December 2013	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 2013 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*	*Loss*
Kongsberg GeoAcoustics Pte Limited (registered in Singapore)	76,624	62,792

12. Stocks

	2013 £	*2012* £
Raw materials and consumables	293,037	255,456
Work in progress	1,321,661	1,171,417
	1,614,698	1,426,873

13. Debtors

	2013 £	*2012* £
Trade debtors	209,345	718,456
Amounts owed by group undertakings	97,675	194,234
Other debtors	12,224	17,988
Prepayments and accrued income	29,339	51,999
VAT	50,917	-
Deferred tax asset (see Note 8c))	41,000	-
	440,500	982,677

Notes to the financial statements

at 31 December 2013

14. Creditors: amounts falling due within one year

	2013	*2012*
	£	*£*
Bank loans and overdrafts	-	6,332
Payments received on account	89,314	144,189
Trade creditors	127,365	362,484
Amounts owed to group undertakings	99,864	53,725
Current corporation tax	-	11,000
Other taxes and social security costs	35,418	45,947
Other creditors	76,037	96,359
Accruals and deferred income	61,511	75,242
	489,509	795,278

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

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

	2013	*2012*
	£	*£*
Other creditors	100,000	150,000

Included within the above are amounts falling due as follows:

	2013	*2012*
	£	*£*
Between two and five years:		
Other creditors	100,000	150,000

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

Notes to the financial statements

at 31 December 2013

16. Provisions for liabilities

	Warranty
	£
At 1 January 2013	171,680
Additions	28,555
Utilised during the year	(49,770)
At 31 December 2013	150,465

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

		2013		*2012*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	730	730	730	730

18. Movements on reserves

	Capital redemption reserve	*Revaluation reserve*	*Profit and loss account*
	£	*£*	*£*
At 1 January 2013	300	1,059,941	3,169,753
Profit for the year	-	-	103,023
Transfer between revaluation reserve and profit and loss account	-	(29,164)	29,164
Other movements – exchange difference on retranslation of net assets of branch	-	-	8,544
At 31 December 2013	300	1,030,777	3,310,484

19. Reconciliation of shareholders' funds

	2013	*2012*
	£	*£*
Opening shareholders' funds	4,230,724	3,952,626
Profit for the year	103,023	92,781
Other recognised gains and losses during the year	8,544	5,200
Unrealised gain on revaluation of freehold property	-	180,117
Closing shareholders' funds	4,342,291	4,230,724

Notes to the financial statements

at 31 December 2013

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 £45,556 (2012 – £42,771). The unpaid contributions outstanding at the period end included in accruals amounted to £7,389 (2012 – £7,088).

21. Other financial commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below:

		2013		*2012*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£	*£*	*£*	*£*
Operating leases which expire:				
Within one year	-	7,852	-	-
In two to five years	-	12,989	-	21,843
	-	20,831	-	21,843

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 group 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.