Kongsberg GeoAcoustics Limited

Annual Report and Financial Statements

31 December 2014

Directors
B Jalving
S Tetlie
T Nygaard

Secretary
S Ives

Auditors
Ernst & Young LLP
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Strategic report

The directors present their Strategic Report for the year ended 31 December 2014.

Principal activities and review of the business

The principal activities of the company continued to be that of the sales, development, manufacturing, delivery, service and repair of seabed survey equipment.

The year ended 31 December 2014 was a mix of excellent initial results but with a marked slowdown in the second half of the year. The year started extremely well, with deliveries of two large contracts and the first sale of one of the three new products due for release in 2014. Results up to July were significantly ahead of budget, with March deliveries at over £1.2 million and April at over £800K, allowing a record first quarter and also first six months. However, the rate of sales followed the pattern similar to that of 2013 with weaker than normal sales in the second half of the year. This was a combination of major projects being deferred until 2015, the two remaining new product launches seeing delays and a slowdown in the survey market as the oil price started to drop after July/August.

As apparent as 2013 was the increasing competition in the shallow bathymetry market, where GeoSwath is still our main product making up 44% of total income. To respond to this GeoSwath product enhancements were planned and were due to be launched through 2014. The first of the GeoSwath enhancements were ready during 2014 but have only become available to customers during 2015, with more improved features also due out later this year. Of the three new products, the GeoChirp 3D was the only new product to be launched with another being ready in January 2015 and the remaining product now due late 2015.

OPEX costs were again well controlled in 2014, and again the asymmetry of the income through the year meant that overtime and production effort had to be well managed.

Still a major concern is the order income looking ahead. The uncertainty is becoming a major risk factor, and the reduction in long term projects now represents a multi-year trend. What appears to be happening is that many clients are ordering equipment in a reactive way to specific projects as they arise rather than speculatively building up to meet expected market capacity.

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

	2014	*2013*
Gross profit margin	56.3%	48.1%
Earnings before interest, tax and amortisation	3.5%	0.5%
Average number of employees	37	39

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

Sverre Tetlie

Sverre Tetlie
Director

Date: 24 September 2015

Registered No. 2571389

Directors' report (continued)

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The loss for the year after taxation amounted to £116,587 (2013 – profit of £103,023). The directors do not recommend a final dividend (2013 – £nil).

Future developments

Increasing risks demand an approach to development which is much more co-ordinated and collaborative than previously. Pooling common resources over the entire group and focussing the effort is a means of achieving efficiency gains, and we have started working on projects using combined resources across the group. The first results of this will be available in 2015.

There is also a drive to increase the number of sales outlets beyond the existing Kongsberg sales offices. This will help as the industry moves towards a lower cost and higher volume product market. This also requires new marketing initiatives, and new dedicated websites and social media channels will be in place for some of the products to be introduced in 2015.

There are few signs that the survey market will return to stability, and some new products are aimed primarily at new markets like the Search and Recovery market, where our other group companies have had some experience and some footholds in the US and Canada. The GeoChirp 3-D is also aimed at the growing offshore wind market, where requirements for tracking buried cables are not met by traditional technologies .The recent collapse in oil price will make 2015 a very challenging year, and will most likely mean major restructuring within large survey companies. The strategy we have in place is, we believe, the right one moving forward, and responding efficiently with new products is the best way to secure our future income, technological lead, and market share.

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

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

B Jalving
S Tetlie
T Nygaard

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

Sverre Tetlie
Director

Date: 24 September 2015

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 2014 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 Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on 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 2014 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 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 C. Strachan
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

Date: 29 September 2015

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	4,243,145	4,143,121
Cost of sales		(1,853,310)	(2,150,846)
Gross profit		2,389,835	1,992,275
Distribution costs		(573,790)	(562,484)
Administrative expenses		(2,030,815)	(1,633,412)
Other operating income	3	7,758	7,567
Operating loss	4	(207,012)	(196,054)
Dividend received		-	232,145
Interest receivable and similar income		4,942	897
Interest payable and similar charges	7	(33)	(21)
(Loss)/ profit on ordinary activities before taxation		(202,103)	36,967
Tax	8	85,516	66,056
(Loss)/ profit for the financial year	18	(116,587)	103,023

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014

	2014 £	2013 £
(Loss)/ profit for the financial year	(116,587)	103,023
Exchange difference on retranslation of net loss of branch	(2,182)	8,544
Total recognised gains and losses relating to the year	(118,769)	111,567

Note of historical cost profits and losses

	2014 £	2013 £
Reported (Loss)/ profit on ordinary activities before taxation	(202,103)	36,967
Difference between historical cost depreciation and the actual depreciation for the year calculated on the revalued amount	29,159	29,159
Historical cost (loss)/ profit on ordinary activities before taxation	(172,944)	66,126
Historical cost (loss)/ profit for the year after taxation	(87,428)	132,182

Balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Intangible assets	9	818,545	1,116,016
Tangible assets	10	1,564,173	1,628,952
Investments	11	39,000	39,000
		2,421,718	2,783,968
Current assets			
Stocks	12	1,285,368	1,614,698
Debtors	13	571,758	440,500
Cash at bank and in hand		665,223	243,099
		2,522,349	2,298,297
Creditors: amounts falling due within one year	14	(582,015)	(489,509)
Net current assets		1,940,334	1,808,788
Total assets less current liabilities		4,362,052	4,592,756
Creditors: amounts falling due after more than one year	15	(50,000)	(100,000)
Provisions for liabilities			
Other provisions	16	(88,530)	(150,465)
Net assets		4,223,522	4,342,291
Capital and reserves			
Called up share capital	17	730	730
Revaluation reserve	18	1,001,612	1,030,777
Capital redemption reserve	18	300	300
Profit and loss account	18	3,220,880	3,310,484
Shareholders' funds	19	4,223,522	4,342,291

Sverre Tetlie

Director

Date: 24 September 2015

Notes to the financial statements

at 31 December 2014

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 2014

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 2014

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:

	2014	*2013*
	£	*£*
United Kingdom	611,195	833,028
Rest of Europe	1,083,097	1,220,851
USA and Canada	459,841	288,901
Middle East	140,709	153,520
Asia	700,720	1,385,803
Africa and India	208,478	164,712
Rest of world	1,039,105	96,306
	4,243,145	4,143,121

3. Other operating income

	2014	*2013*
	£	*£*
Net rents receivable	7,758	7,567

Notes to the financial statements

at 31 December 2014

4. Operating loss

This is stated after charging/(crediting):

	2014	*2013*
	£	*£*
Auditors' remuneration	13,400	13,000
Depreciation of tangible fixed assets – owned by the company	176,596	175,112
Amortisation of intellectual property	50,370	68,957
Difference on foreign exchange	(5,962)	28,771
Amortisation of deferred research and development expenditure	306,750	146,168
Research and development expenditure	734,153	541,166
Loss on disposal of fixed assets	624	381
Operating lease rentals – other operating leases	21,953	23,347

5. Directors' remuneration

During the year, no director received any remuneration from the company (2013 – £nil). Other group companies paid remuneration amounting to £6,000 (2013 – £7,819) to the directors of the company in respect of qualifying services.

6. Staff costs

	2014	*2013*
	£	*£*
Wages and salaries	1,431,073	1,408,167
Social security costs	132,971	126,389
Other pension costs	46,665	45,556
	1,610,709	1,580,112

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

	No.	*No.*
Production	10	11
Engineering	17	16
Marketing and sales	5	6
Management and administration	5	6
	37	39

Notes to the financial statements

at 31 December 2014

7. Interest payable and similar charges

	2014	*2013*
	£	£
On bank loans and overdrafts	33	21

8. Tax

(a) Tax on (loss)/profit on ordinary activities

The tax credit is made up as follows:

	2014	*2013*
	£	£
Current tax:		
UK corporation tax on the (loss)/profit for the year	–	–
Adjustments in respect of prior years	(73,108)	(5,464)
Total current tax (note 8(b))	(73,108)	(5,464)
Deferred tax:		
Origination and reversal of timing differences	(35,212)	(39,226)
Tax losses (carried forward) utilised	22,804	(21,366)
Total deferred tax (note 8(c))	(12,408)	(60,592)
Tax on (loss)/profit on ordinary activities	(85,516)	(66,056)

Notes to the financial statements

at 31 December 2014

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 21.5% (2013 – 23.25%). The differences are explained below:

	2014	*2013*
	£	*£*
(Loss)/profit on ordinary activities before tax	(202,103)	36,967
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	(43,452)	8,595
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,820	3,488
Depreciation in excess of capital allowances	17,641	19,846
Adjustments to tax charge in respect of prior periods	(73,108)	(5,464)
Amortisation (non-allowable)	65,951	33,981
Additions (capitalised but revenue deduction available)	(12,825)	(30,953)
Uplift (revenue deduction) (30%)	(3,847)	(9,285)
Tax losses utilised	(27,180)	–
Tax losses carried forward	-	24,838
Dividend from subsidiary	-	(53,974)
Short term timing differences	(108)	3,464
Current tax for the year (note 8(a))	(73,108)	(5,464)

(c) Deferred tax asset

	£
At 1 January 2014	(41,000)
Profit and loss account credit	(12,408)
At 31 December 2014	(53,408)

The deferred tax asset is made up as follows:

	2014	*2013*
	£	*£*
Accelerated capital allowances	122,819	181,918
Tax losses carried forward	(150,270)	(196,920)
Short term timing differences	(25,957)	(25,998)
	(53,408)	(41,000)

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 2014

8. Tax (continued)

(d) Factors that may affect future tax charges

The standard rate of UK Corporation Tax reduced from 21% to 20% on 1 April 2015. The Finance Act 2015, which received Royal Assent on 26 March 2015, states that this rate will not change for financial year 2016. Deferred tax has been calculated accordingly in these financial statements.

In his budget of 8 July 2015, the Chancellor of the Exchequer announced tax rate changes, which, if enacted in the proposed manner, will have an effect on the company's future tax position. These additional changes will reduce the standard rate of UK corporation tax from 20% to 19% from 1 April 2017, and 18% from 1 April 2020. These proposed 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 is not likely to be material.

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 2014	30,327	4,996,381	760,261	5,786,969
Additions	-	59,649	-	59,649
At 31 December 2014	30,327	5,056,030	760,261	5,846,618
Amortisation:				
At 1 January 2014	30,326	4,052,464	588,163	4,670,953
Charge for the year	-	306,750	50,370	357,120
At 31 December 2014	30,326	4,359,214	638,533	5,028,073
Net book value:				
At 31 December 2014	1	696,816	121,728	818,545
At 1 January 2014	1	943,917	172,098	1,116,016

Notes to the financial statements

at 31 December 2014

10. Tangible fixed assets

	Land and buildings	*Plant and machinery*	*Motor vehicles*	*Furniture, fittings and equipment*	*Total*
	£	*£*	*£*	*£*	*£*
Cost or valuation:					
At 1 January 2014	1,250,000	821,877	78,497	224,292	2,374,666
Additions	-	115,431	-	2,505	117,936
Disposals	-	(12,523)	-	-	(12,523)
At 31 December 2014	1,250,000	924,785	78,497	226,797	2,480,079
Depreciation:					
At 1 January 2014	33,659	531,807	37,796	142,452	745,714
Charge for the year	33,659	96,483	17,125	29,329	176,596
On disposals	-	(6,404)	-	-	(6,404)
At 31 December 2014	67,318	621,886	54,921	171,781	915,906
Net book value:					
At 31 December 2014	1,182,682	302,899	23,576	55,016	1,564,173
At 1 January 2014	1,216,341	290,070	40,701	81,840	1,628,952

Cost or valuation at 31 December 2014 is as follows:

	Land and buildings
	£
At cost:	
At 1 January 2014 and 31 December 2014	–
At valuation:	
At 1 January 2014 and 31 December 2014	1,182,682

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:

	2014	*2013*
	£	*£*
Cost	283,060	283,060
Accumulated depreciation	(106,500)	(102,000)
Net book value	176,560	181,060

Notes to the financial statements

at 31 December 2014

11. Investments

	Investments in subsidiary undertakings
	£
Cost or valuation:	
At 1 January 2014 and 31 December 2014	39,000
Net book value:	
At 1 January 2014 and 31 December 2014	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 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	*Loss for the year*
Name	£	£
Kongsberg GeoAcoustics Pte Limited (registered in Singapore)	70,211	7,316

12. Stocks

	2014	*2013*
	£	£
Raw materials and consumables	304,094	293,037
Work in progress	981,274	1,321,661
	1,285,368	1,614,698

13. Debtors

	2014	*2013*
	£	£
Trade debtors	383,422	209,345
Amounts owed by group undertakings	33,419	97,675
Other debtors	11,663	12,224
Prepayments and accrued income	37,821	29,339
VAT	46,489	50,917
Corporation tax	5,536	-
Deferred tax asset (note 8(c))	53,408	41,000

Notes to the financial statements

at 31 December 2014

	571,758	440,500

14. Creditors: amounts falling due within one year

	2014	*2013*
	£	*£*
Payments received on account	32,258	89,314
Trade creditors	150,524	127,365
Amounts owed to group undertakings	244,974	99,864
Other taxes and social security costs	36,200	35,418
Other creditors	57,943	76,037
Accruals and deferred income	60,116	61,511
	582,015	489,509

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

	2014	*2013*
	£	*£*
Other creditors	50,000	100,000

Included within the above are amounts falling due as follows:

	2014	*2013*
	£	*£*
Between two to five years:		
Other creditors	50,000	100,000

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

Notes to the financial statements

at 31 December 2014

16. Provisions for liabilities

	Warranty
	£
At 1 January 2014	150,465
Released during the year	(10,977)
Utilised during the year	(50,958)
At 31 December 2014	88,530

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

		2014		*2013*
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 2014	300	1,030,777	3,310,484
Loss for the year	-	-	(116,587)
Transfer between revaluation reserve and profit and loss account	-	(29,165)	29,165
Other movements – exchange difference on retranslation of net loss of branch	-	-	(2,182)
At 31 December 2014	300	1,001,612	3,220,880

19. Reconciliation of shareholders' funds

	2014	*2013*
	£	*£*
Opening shareholders' funds	4,342,291	4,230,724
(Loss)/ profit for the year	(116,587)	103,023
Other recognised gains and losses during the year	(2,182)	8,544
Closing shareholders' funds	4,223,522	4,342,291

Notes to the financial statements

at 31 December 2014

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 £46,665 (2013 – £45,556). The unpaid contributions outstanding at the period end included in accruals amounted to £7,943 (2013 – £7,389).

21. Other financial commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	2014	*2013*
	Other	*Other*
	£	*£*
Operating leases which expire:		
Within one year	328	7,852
In two to five years	4,217	12,989
	4,545	20,831

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.