

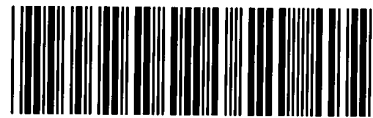
Kongsberg GeoAcoustics Limited

Annual Report and Financial Statements

31 December 2016

Registered No. 02571389

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19/02/2018

#4

COMPANIES HOUSE

Directors

A Berg
A Kvaerner
S Tetlie

Secretary

M Murrell

Auditor

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

Registered Office

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

Strategic report

The directors present their Strategic Report for the year ended 31 December 2016.

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 company has a branch office in India for which a Certificate of Closure of Place of Business effective 01 March 2016 has been received. The subsidiary in Singapore although ceased trading during the year was not struck off the register until 08 May 2017.

The year ended 31 December 2016 saw a continuation of the decline in sales seen towards the end of 2015.

This was a combination of a slowdown in the survey market as the oil price reduced further and continued delays in getting new products to market. As a result, further reductions were made in the cost base during the year. The company's key financial and other performance indicators during the year were as follows:

	2016	2015
Turnover	£2.4M	£3.2M
Gross profit margin	38.5%	30.3%
Gross profit margin before exceptional inventory provision	38.5%	43.0%
Loss before tax	£(1.4)M	£(1.8)M
Average number of employees	25	34


Due to the fall in sales and reorganisation costs (resulting in a reduction in headcount) the company remained loss making for the year.

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. The company aims to manage this risk through its research and development activities.
- Time to market of new products
- Prolonged depression of the survey market due to the reduction in oil prices
- Retaining staff with the required qualification and experience
- Foreign exchange fluctuation in USD\$ and EUR€ due to current economic conditions
- Following poor results over the last few years the company is dependent on the support of its suppliers in continuing to offer credit terms
- The company is dependent on the continued support of its ultimate parent whilst it has net current liabilities

On behalf of the board



Sverre Tetlie
Director

Date: 19/2-2018

Registered No. 02571389

Directors' report

The directors present their report and financial statements for the year ended 31 December 2016.

Results and dividends

The loss for the year after taxation amounted to £1,391,127 (2015 – loss of £1,740,951). The directors do not recommend a final dividend (2015 – £nil).

Future developments

The previously desired co-ordinated and collaborative approach to development will be implemented in order to pool common resources across locations, co-ordinating efforts as a means of achieving efficiency gains.

The process of increasing access to the market through sales agents and outlets has also begun, and relationships with the existing Kongsberg sales offices across the group continue to be positively developed. New marketing initiatives, and new dedicated websites and social media channels will be in place for both new and established products.

In addition to increasing the footprint within the existing markets there are also efforts to diversify into new markets where opportunities have been identified, such as search and rescue and applications for offshore windfarms.

2017 was another challenging year but the Directors believe that the changes that have been implemented in the cost base, the collaboration of engineering resource, and the efforts to expand both access to the survey market as well as exploiting new opportunities, means that the company is well positioned to return to profit within a reasonable timeframe.

Going concern

At the end of the year the company had net current liabilities of £513,754 and hence is reliant of financial support from its parent which has confirmed that it will provide the necessary financial support for at least one year from the signing of these financial statements. Therefore, the directors 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 (resigned 05/12/2016)

S Tetlie

A Berg (appointed 05/12/2016)

Subsequent to year-end:

T Nygaard (resigned 28/07/2017)

A Kvaerner (appointed 28/07/2017)

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 company 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.

Directors' report (continued)

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.

Auditor

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

On behalf of the board



Sverre Tetlie

Director

Date:

19/2 - 2018

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 auditor's report

to the members of Kongsberg GeoAcoustics Limited

We have audited the financial statements of Kongsberg GeoAcoustics Limited for the year ended 31 December 2016 which comprise the Statement of Income, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and the related notes 1 to 21. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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, based on the work undertaken in the course of the audit, 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 and has been prepared in accordance with applicable legal requirements.

Independent auditor's report (continued)

to the members of Kongsberg GeoAcoustics Limited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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

Rachel Wilden
(Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

Date: *19 February 2018*

Statement of Income

for the year ended 31 December 2016

	Notes	2016 £	2015 £
Turnover	2	2,436,572	3,236,469
Cost of sales		<u>(1,497,920)</u>	<u>(2,256,353)</u>
Gross profit		938,652	980,116
Distribution costs		(571,968)	(538,320)
Administrative expenses		(1,844,074)	(2,311,518)
Other operating income	3	<u>99,127</u>	<u>49,424</u>
Operating loss	4	<u>(1,378,263)</u>	<u>(1,820,298)</u>
Interest receivable		237	1,386
Interest payable	7	<u>(13,101)</u>	<u>(2,564)</u>
Loss on ordinary activities before taxation		(1,391,127)	(1,821,476)
Tax	8	<u>-</u>	<u>80,525</u>
Loss for the financial year		<u>(1,391,127)</u>	<u>(1,740,951)</u>

All amounts relate to continuing activities.

Statement of Comprehensive Income

for the year ended 31 December 2016

	2016 £	2015 £
Loss for the financial year	(1,391,127)	(1,740,951)
Exchange difference on retranslation of overseas branch	<u>(12,711)</u>	<u>(194)</u>
Total comprehensive loss for the year	<u>(1,403,838)</u>	<u>(1,741,145)</u>

Statement of Changes in Equity

for the year ended 31 December 2016

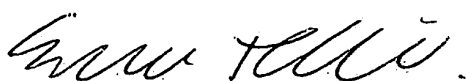
	<i>Share Capital</i>	<i>Capital redemption reserve</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£	£
At 1 January 2015	730	300	883,754	3,226,079	4,110,863
Loss for the year	-	-	-	(1,740,951)	(1,740,951)
Other movements – exchange difference on retranslation of net loss of branch	-	-	-	(194)	(194)
Total comprehensive loss for the year	-	-	-	(1,741,145)	(1,741,145)
At 31 December 2015	730	300	883,754	1,484,934	2,369,718
Loss for the year	-	-	-	(1,391,127)	(1,391,127)
Other movements – exchange difference on retranslation of overseas branch	-	-	-	(12,711)	(12,711)
Total comprehensive loss for the year	-	-	-	(1,403,838)	(1,403,838)
At 31 December 2016	730	300	883,754	81,096	965,880

Statement of Financial Position

at 31 December 2016

	Notes	2016 £	2015 £
Fixed assets			
Intangible assets	9	63,342	241,588
Tangible assets	10	1,444,652	1,667,310
Investments	11	-	39,000
		<u>1,507,994</u>	<u>1,947,898</u>
Current assets			
Stocks	12	658,036	828,750
Debtors	13	351,906	472,070
Cash at bank and in hand		-	131,007
		<u>1,009,942</u>	<u>1,431,827</u>
Creditors: amounts falling due within one year	14	<u>(1,523,696)</u>	<u>(922,317)</u>
Net current (liabilities)/assets		<u>(513,754)</u>	<u>509,510</u>
Total assets less current liabilities		994,240	2,457,408
Provisions for liabilities	15	<u>(28,360)</u>	<u>(87,690)</u>
Net assets		<u>965,880</u>	<u>2,369,718</u>
Capital and reserves			
Called up share capital	16	730	730
Revaluation reserve	17	883,754	883,754
Capital redemption reserve	17	300	300
Profit and loss account	17	<u>81,096</u>	<u>1,484,934</u>
Shareholders' funds		<u>965,880</u>	<u>2,369,718</u>

Approved and signed on behalf of the Board.


Sverre Tetlie
Date: 19/2 - 2018

Notes to the financial statements

at 31 December 2016

1. Accounting policies

Statement of compliance

Kongsberg GeoAcoustics Limited is a limited liability company incorporated in England. The Registered Office is Shuttleworth Close, Gapton Hall Industrial Estate, Great Yarmouth, Norfolk, NR31 0NQ.

The financial statements are prepared in compliance with FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' as it applies to the financial statements for the year ended 31 December 2016.

Basis of preparation

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

As permitted by FRS 102, the company has taken advantage of the following disclosure exemptions under FRS 102 reduced disclosure framework:

- (a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- (b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- (c) The requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A.
- (d) The requirement of Section 33 Related Party Disclosures paragraph 33.7.
- (e) The requirements of Section 12 Other Financial Instruments Issues paragraphs 12.26 to 12.29A.

Going concern

At the end of the year the company had net current liabilities of £513,754 and hence is reliant of financial support from its parent which has confirmed that it will provide the necessary financial support for at least one year from the signing of these financial statements. Therefore the directors 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.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Deferred tax

The company establishes provisions based on reasonable estimates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Warranty provision

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Warranty provision (continued)

A provision for the expected cost of repairs under guarantees is charged against profits when the sale of goods to which the guarantees relates, is recognised. When calculating the provision the directors consider the previous history of claims under such guarantees, the length of the guarantee period and the costs and rates of return, and apply these to the goods still covered under guarantee at the year end.

Inventory obsolescence

Inventory provisions include obsolescence and write-downs which take into account historical information related to sales trends and stock counts and represent the expected write-down between the estimated net realisable value and the original cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Significant accounting policies

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.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Dividends

Revenue is recognised when the company's right to receive payment is established.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Patents-5 years

Development costs –3-5 years

Intellectual property –10 years

Software –3-5 years

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Impairment of non-financial assets

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates, the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Investment property

Investment property is accounted for as follows:

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.

Investment properties whose fair value can be measured reliably are measured at fair value. Changes in fair value are recognised in the statement of income.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

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.

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 are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale – purchase cost on a first-in, first-out basis

Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development the asset is tested for impairment annually.

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

Notes to the financial statements

at 31 December 2016

1. Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful life. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the statement of income on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Company as a lessor

Investment property leased out under operating leases is included in property, plant and equipment and measured at fair value. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Pensions and other post-retirement benefits

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Notes to the financial statements

at 31 December 2016

2. Turnover

An analysis of turnover by geographical market is given below:

	2016	2015
	£	£
United Kingdom	829,920	406,309
Rest of Europe	519,992	760,583
Americas and Canada	160,911	723,203
Middle East	134,170	238,773
Asia	754,848	972,780
Africa and India	36,418	113,080
Rest of world	313	21,741
	<u>2,436,572</u>	<u>3,236,469</u>

3. Other operating income

	2016	2015
	£	£
Other income – RDEC credit	90,747	41,323
Net rents receivable	8,380	8,101
	<u>99,127</u>	<u>49,424</u>

4. Operating loss

This is stated after charging/(crediting):

	2016	2015
	£	£
Auditor's remuneration for audit of the financial statements	11,843	13,700
Depreciation of tangible fixed assets – owned by the company	170,921	204,390
Impairment of tangible fixed assets – owned by the company	29,726	13,718
Amortisation of intellectual property	50,370	50,370
Difference on foreign exchange	(10,520)	(5,116)
Amortisation of capitalised development expenditure	127,876	310,269
Impairment of capitalised and development expenditure	-	216,440
Research and development expenditure	460,804	738,219
Exceptional inventory provision	-	410,703
Restructuring costs	347,116	17,137
Loss/(gain) on disposal of fixed assets	(3,520)	4,408
Operating lease rentals – other operating leases	3,455	4,364

Notes to the financial statements

at 31 December 2016

5. Directors' remuneration

During the year, no director received any remuneration from the company (2015 – £nil). Other group companies paid remuneration amounting to £6,000 (2015 – £6,000) to the directors of the company in respect of qualifying services. No director was a member of a defined contribution or defined benefit pension scheme to which the company contributes in either the current or prior year. Nor did any director receive any shares for qualifying services or exercise any share options in the current or prior year.

6. Staff costs

	2016	2015
	£	£
Wages and salaries	1,115,694	1,355,100
Social security costs	113,222	121,637
Other pension costs	152,605	46,235
Termination costs	230,028	17,137
	<u>1,611,549</u>	<u>1,540,109</u>

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

	No.	No.
Production and engineering (including research and development)	19	27
Marketing and sales	2	3
Management and administration	4	4
	<u>25</u>	<u>34</u>

7. Interest payable

	2016	2015
	£	£
On bank loans and overdrafts	<u>13,101</u>	<u>2,564</u>

Notes to the financial statements

at 31 December 2016

8. Tax

(a) Tax on loss on ordinary activities

	2016	2015
	£	£
Current tax:		
UK corporation tax on the (loss)/profit for the year	-	-
Adjustments in respect of prior years	-	2,730
Total current tax	<u>-</u>	<u>2,730</u>
Deferred tax:		
Origination and reversal of timing differences	-	(104,389)
Tax losses (carried forward)/utilised	-	(220,278)
Deferred tax asset not recognised	-	251,835
Impact of rate change	-	(8,092)
Adjustments in respect of prior year	-	(2,331)
Total deferred tax (note 8(c))	<u>-</u>	<u>(83,255)</u>
Tax on (loss)/profit on ordinary activities (note 8(b))	<u>-</u>	<u>(80,525)</u>

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	2016	2015
	£	£
Loss on ordinary activities before tax	<u>(1,391,127)</u>	<u>(1,821,746)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	(278,225)	(368,849)
<i>Effects of:</i>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,800	3,599
Release of intercompany balance	(14,561)	-
Deferred tax asset not recognised	282,986	251,835
Rate difference in respect of deferred tax	-	32,491
Adjustments to tax charge in respect of prior periods – current tax	-	2,730
Adjustments to tax charge in respect of prior periods – deferred tax	-	(2,331)
Total tax charge/(credit)	<u>-</u>	<u>(80,525)</u>

Notes to the financial statements

at 31 December 2016

8. Tax (continued)

(c) Deferred tax (asset)/liability

	£
At 1 January 2016	-
Profit and loss account credit – current year	-
At 31 December 2016	<u>-</u>

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

	2016	2015
	£	£
On revalued property	112,264	121,211
Decelerated/(accelerated) capital allowances	(40,362)	3,157
Short term timing differences	(15,689)	(23,799)
Tax losses carried forward	(56,213)	(100,569)
	<u>-</u>	<u>-</u>

There is an unrecognised deferred tax asset of £492,897 (2015: £251,835) in respect of tax losses at the year end.

(d) Factors that may affect future tax charges

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. Therefore the standard rate of corporation tax for the year ended 31 December 2016 is 20% (2015: 20.25%).

Subsequently the Finance Act 2016 which was substantively enacted on 15 September 2016 included further legislation to reduce the main rate of corporation tax to 17% from 1 April 2020.

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

Notes to the financial statements

at 31 December 2016

9. Intangible fixed assets

	<i>Patents and trademarks</i>	<i>Development</i>	<i>Intellectual property</i>	<i>Software</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 January 2016	30,327	5,056,030	760,261	16,158	5,862,776
Additions	-	-	-	-	-
At 31 December 2016	30,327	5,056,030	760,261	16,158	5,862,776
Amortisation:					
At 1 January 2016	30,326	4,885,805	688,903	16,154	5,621,188
Charge for the year	-	127,876	50,370	-	178,246
At 31 December 2016	30,326	5,013,682	739,273	16,154	5,799,436
Net book value:					
At 31 December 2016	1	42,348	20,988	4	63,342
At 1 January 2016	1	170,225	71,358	4	241,588

10. Tangible fixed assets

	<i>Investment Property</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Furniture, fittings and equipment</i>	<i>Total</i>
	£	£	£	£	£	£
Cost :						
At 1 January 2016	75,000	1,175,000	1,179,911	78,497	225,309	2,733,717
Additions	-	-	51,790	-	1,680	53,470
Disposals	-	-	(254,764)	(68,502)	-	(323,266)
At 31 December 2016	75,000	1,175,000	976,937	9,995	226,989	2,463,921
Depreciation:						
At 1 January 2016	-	47,000	744,810	72,046	188,833	1,052,689
Charge for the year	-	25,458	119,693	4,969	20,801	170,921
On disposals	-	-	(180,763)	(67,022)	-	(247,785)
At 31 December 2016	-	72,458	683,740	9,993	209,634	975,825
Impairment:						
At 1 January 2016	-	-	13,718	-	-	13,718
Charge for the year	-	-	29,726	-	-	29,726
At 31 December 2016	-	-	43,444	-	-	43,444
Net book value						
At 31 December 2016	75,000	1,102,542	249,753	2	17,355	1,444,652
At 1 January 2016	75,000	1,128,000	421,383	6,451	36,476	1,667,310

The fair value of the investment property has been determined on a market value basis.

Notes to the financial statements

at 31 December 2016

11. Investments

	<i>Investments in subsidiary undertakings</i>
	£
Cost:	
At January 2016 and 31 December 2016	<u>39,000</u>
Impairment:	
At 1 January 2016	Nil
Charge for year	<u>39,000</u>
At 31 December 2016	<u>39,000</u>
Net book value:	
At 1 January 2016	<u>39,000</u>
At 31 December 2016	<u>Nil</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

<i>Name</i>	<i>Class of shares</i>	<i>Holding</i>
Kongsberg GeoAcoustics Pte Limited (registered in Singapore)	Ordinary shares	100%

Subsequent to the year end this investment was disposed of for nil consideration.

12. Stocks

	<i>2016</i>	<i>2015</i>
	£	£
Raw materials and consumables	150,860	192,781
Work in progress	<u>507,177</u>	<u>635,969</u>
	<u>658,036</u>	<u>828,750</u>

Stocks recognised as an expense in the year amounted to £1,091,294 (2015 - £1,614,791).

Notes to the financial statements

at 31 December 2016

13. Debtors

	2016	2015
	£	£
Trade debtors	137,200	98,147
Amounts owed by group undertakings	16,141	254,746
Other debtors	1,087	9,075
Prepayments and accrued income	79,167	35,130
VAT	21,413	36,379
Corporation tax	96,898	38,593
	<u>351,906</u>	<u>472,070</u>

14. Creditors: amounts falling due within one year

	2016	2015
	£	£
Bank overdraft	923,184	-
Trade creditors	133,106	231,682
Amounts owed to group undertakings	62,646	505,321
Other taxes and social security costs	28,750	31,635
Other creditors	116,819	57,228
Accruals and deferred income	226,320	60,347
	<u>1,523,696</u>	<u>922,317</u>

15. Provisions for liabilities

	<i>Warranty</i>	<i>Total</i>
	£	£
At 1 January 2016	87,690	87,690
Additions during the year	-	-
Utilised during the year	<u>(59,330)</u>	<u>(59,330)</u>
At 31 December 2016	<u>28,360</u>	<u>28,360</u>

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.

16. Issued share capital

	2016		2015	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	£	<i>No.</i>	£
Ordinary shares of £1 each	730	<u>730</u>	730	<u>730</u>

Notes to the financial statements

at 31 December 2016

17. Reserves

Revaluation reserve

This reserve represents upward revaluation of the company premises offset by depreciation on the revalued amount.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit and loss account

This reserve includes all current and prior year profits and losses, less any dividends paid.

18. 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 £152,605 (2015 – £46,235). The unpaid contributions outstanding at the period end included in accruals amounted to £116,714 (2015 – £7,485).

19. Other financial commitments

Guarantees and other commitments

The Company has in place a guarantee from Deutsche Bank for £4,000 (2015: £4,000 with Deutsche Bank).

At 31 December 2016 the company had minimum lease payments (under non-cancellable operating leases) as follows:

	2016	2015
	<i>Other</i>	<i>Other</i>
	£	£
Within one year	4,217	4,217
In two to five years	14,714	1,010
	<u>18,931</u>	<u>5,217</u>

20. Contingent liability

The Kongsberg Maritime Holdings Limited group entered into an arrangement with the group's bankers whereby cross-guarantees have been granted to enable balances in credit to be offset against overdrawn balances. Any resulting balance is secured by a floating charged over the whole of the UK group's assets. The group cross guarantee facility was £1,000,000 (2015: £1,000,000).

Notes to the financial statements

at 31 December 2016

21. 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 included in the consolidated 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. This is the smallest and largest group within which the company's results are consolidated.