

2571389

# Kongsberg GeoAcoustics Limited

## Annual Report and Financial Statements

31 December 2011



**Directors**

B Jalving  
A Olsen  
K H Pedersen  
S Tetlie

**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

## **Directors' report**

The directors present their annual report and financial statements for the year ended 31 December 2011. The accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

### **Principal activities and review of the business**

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

### **Business review and future developments**

The year ended 31 December 2011 was the most successful year in the history of the company in terms of both turnover and profitability. After the recession of 2009 and the welcome turnaround in the final quarter of 2010, turnover continued to grow and by the end of the year both turnover and profit exceeded plan.

Costs have been well controlled despite the increased sales. Distribution costs in particular were reduced by more than 13% compared to 2010, during a time when turnover increased by almost 40%.

Much of this success is due to a healthier market in general, with a relatively high oil price and an active survey market, despite the cuts in government and infrastructure spending in many of our geographic markets. GeoSwath sales increased, despite the emergence of several new products from our competitors. We have been successful in making our leading product more flexible and able to accommodate changes in the demands of the market.

Technical and, more noticeably, marketing integration with the Kongsberg group has continued, with new ideas and cooperative projects now being routinely taken on.

Order income has remained good and by the end of August 2012 we had 76% of our 2012 plan already confirmed, allowing the confidence to plan for growth and invest in extra resources.

### **Results and dividends**

The profit for the year after taxation amounted to £875,333 (2010 – loss of £260,167). The directors do not recommend a final dividend (2010 – £nil).

## Directors' report (continued)

### 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

R A Klepaker (resigned 21 February 2012)

A Olsen

N Riahi (resigned 21 February 2012)

K H Pedersen

Subsequent to the year end, the following were appointed as directors of the company

B Jalving (appointed 21 February 2012)

S Tetlie (appointed 21 February 2012)

### Directors' liabilities

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

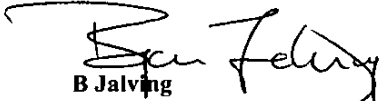
### Disclosure of information to the auditors

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

### Auditors

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

By order of the Board

  
**B Jalving**  
Director

Date 27 September 2012

## 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 proper 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 2011 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements

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

### **Opinion on other matter prescribed by the Companies Act 2006**

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

## Independent auditors' report

to the members of Kongsberg GeoAcoustics Limited (continued)

### 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



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

Date 27 September 2012

## Profit and loss account

for the year ended 31 December 2011

		2011	2010
		£	(restated) £
	<i>Notes</i>		
<b>Turnover</b>	1,2	5,465,886	3,930,115
Cost of sales		<u>(2,885,105)</u>	<u>(2,204,243)</u>
<b>Gross profit</b>		2,580,781	1,725,872
Distribution costs		(476,183)	(550,459)
Administrative expenses		(1,638,733)	(1,549,196)
Other operating income	3	<u>7,112</u>	<u>6,921</u>
<b>Operating profit/(loss)</b>	4	472,977	(366,862)
Dividend received		559,766	-
Interest receivable		114	1
Interest payable	7	<u>(7,195)</u>	<u>(9,478)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		1,025,662	(376,339)
Tax	8	(150,329)	116,172
<b>Profit/(loss) for the financial year</b>	18	<u>875,333</u>	<u>(260,167)</u>

All amounts relate to continuing activities



## Statement of total recognised gains and losses

for the year ended 31 December 2011

	2011	2010
	£	£
<i>Profit/(loss) for the financial year</i>	875,333	(260,167)
Exchange difference on retranslation of net assets of branch	10,388	(2,020)
<b><i>Total recognised gains and (losses) relating to the year</i></b>	<b><u>885,721</u></b>	<b><u>(262,187)</u></b>

## Note of historical cost profits and losses

for the year ended 31 December 2011

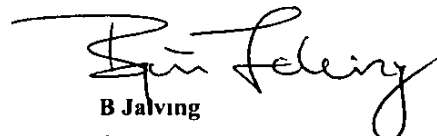
	2011	2010
	£	£
<i>Reported profit/(loss) on ordinary activities before taxation</i>	1,025,662	(376,339)
Realisation of valuation gains of previous years	-	(13,855)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>23,382</u>	<u>53,911</u>
<b><i>Historical cost profit/(loss) on ordinary activities before taxation</i></b>	<b><u>1,049,044</u></b>	<b><u>(336,283)</u></b>
<b><i>Historical cost profit/(loss) for the year after taxation</i></b>	<b><u>898,715</u></b>	<b><u>(220,111)</u></b>

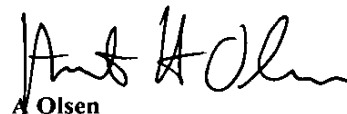
## Balance sheet

at 31 December 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Intangible assets	9	1,235,743	1,463,564
Tangible assets	10	1,391,530	1,339,125
Investments	11	39,000	40,250
		<u>2,666,273</u>	<u>2,842,939</u>
<b>Current assets</b>			
Stocks	12	1,423,847	1,170,819
Debtors	13	1,002,191	1,033,379
Cash at bank and in hand		468,881	122,395
		<u>2,894,919</u>	<u>2,326,593</u>
<b>Creditors</b> , amounts falling due within one year	14	(1,364,500)	(1,722,455)
<b>Net current assets</b>		<u>1,530,419</u>	<u>604,138</u>
<b>Total assets less current liabilities</b>		4,196,692	3,447,077
<b>Creditors</b> : amounts falling due after more than one year	15	(1,900)	(294,694)
<b>Provisions for liabilities</b>			
Deferred tax	8(c)	(61,456)	-
Other provisions	16	(180,710)	(85,478)
<b>Net assets</b>		<u>3,952,626</u>	<u>3,066,905</u>
<b>Capital and reserves</b>			
Called up share capital	17	730	730
Revaluation reserve	18	903,206	926,588
Capital redemption reserve	18	300	300
Profit and loss account	18	3,048,390	2,139,287
<b>Shareholders' funds</b>	19	<u>3,952,626</u>	<u>3,066,905</u>

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

  
**B Jalving**  
 Director

  
**A Olsen**  
 Director

Date 27 September 2012

## Notes to the financial statements

at 31 December 2011

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

#### *Prior year restatement*

Prior year revenue and cost of sales have been restated following a change in accounting presentation regarding sale discounts given to customers. Previously these were recorded as cost of sales. From 1 January 2011 they are recorded as a reduction of revenue and the comparatives have been restated accordingly. The effect of the restatement is to reduce 2010 revenue and cost of sales by £185,565 respectively. There is no impact on profit for the current or comparative financial year, or on any balance sheet category.

#### *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 cash flow statement 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 and trade discounts.

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.

## Notes to the financial statements

at 31 December 2011

### 1. Accounting policies (continued)

#### *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.

#### *Investments*

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

#### *Stocks*

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

#### *Deferred taxation*

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

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

#### *Foreign currencies*

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

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

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

## Notes to the financial statements

at 31 December 2011

### 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

	2011	2010
	£	(restated) £
United Kingdom	1,616,275	882,392
Rest of Europe	1,167,564	917,746
USA and Canada	656,679	245,190
Middle East	266,400	363,984
Asia	1,373,574	1,069,433
Africa and India	114,469	180,658
Rest of world	270,925	270,712
	<u>5,465,886</u>	<u>3,930,115</u>

### 3. Other operating income

	2011	2010
	£	£
Net rents receivable	7,107	6,906
Other operating income	5	15
	<u>7,112</u>	<u>6,921</u>

## Notes to the financial statements

at 31 December 2011

### 4. Operating profit/(loss)

This is stated after charging/(crediting)

	2011	2010
	£	£
Amortisation of intellectual property	101,682	101,682
Depreciation of tangible fixed assets		
– owned by the company	103,644	115,105
– held under finance leases	-	21,342
Operating lease rentals		
– other operating leases	17,232	13,454
Difference on foreign exchange	28,595	(15,266)
Amortisation of deferred research and development expenditure	176,057	353,559
Research and development expenditure	392,503	346,674
Loss on disposal of fixed assets	15,822	440

During the year, no director received any remuneration from the company (2010 – £nil) Other group companies paid remuneration amounting to £8,000 to the directors of the company in respect of qualifying services

### 5. Auditors' remuneration

	2011	2010
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements	12,375	11,000

### 6. Staff costs

	2011	2010
	£	£
Wages and salaries	1,307,385	1,246,114
Social security costs	122,304	113,135
Other pension costs	39,108	39,797
	<u>1,468,798</u>	<u>1,399,046</u>

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

	No	No
Production	12	11
Engineering	11	11
Marketing and sales	4	12
Management and administration	7	8
	<u>34</u>	<u>42</u>

## Notes to the financial statements

at 31 December 2011

### 7. Interest payable and similar charges

	2011	2010
	£	£
On bank loans and overdrafts	2,312	4,847
On finance leases and hire purchase contracts	-	1,426
On loans from group undertakings	4,883	3,204
On other loans	-	1
	<u>7,195</u>	<u>9,478</u>

### 8. Tax

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

The tax profit/(loss) on ordinary activities is made up as follows

	2011	2010
	£	£
<b>Current tax:</b>		
Current year	29,000	-
Adjustments in respect of prior years	(32,901)	(43,451)
	(3,901)	(43,451)
Foreign tax on income for the year	(671)	724
Total current tax (note 8(b))	<u>(4,572)</u>	<u>(42,727)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(63,134)	(102,341)
Tax losses utilised	218,035	28,896
Total deferred tax (note 8(c))	<u>154,901</u>	<u>(73,445)</u>
Tax on profit/(loss) on ordinary activities	<u>150,329</u>	<u>(116,172)</u>

## Notes to the financial statements

at 31 December 2011

### 8. Tax (continued)

(b) Factors affecting tax profit/(loss) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). The differences are explained below

	2011 £	2010 £
Profit/(loss) on ordinary activities before tax	1,025,662	(376,339)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	271,801	(105,375)
<i>Effects of</i>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,975	4,435
Depreciation in excess of capital allowances	12,245	24,391
Tax losses carried forward	-	26,964
Foreign tax payable	(671)	724
Adjustments to tax charge in respect of prior periods	(32,901)	(43,451)
UK tax on overseas subsidiary profits	29,000	-
Uplift of allowance for research and development	29,458	44,510
Tax losses utilised	(173,798)	-
Dividend from subsidiary	(148,338)	-
Short term timing differences	4,657	5,075
Current tax on profit/(loss) on ordinary activities for the year (note 8(a))	<u>(4,572)</u>	<u>(42,727)</u>

(c) Deferred tax liability/(asset)

	2011 £	2010 £
At beginning of year	(93,445)	(19,964)
Profit and loss account charge/(credit)	154,901	(73,445)
Other movements	-	(36)
At end of year	<u>61,456</u>	<u>(93,445)</u>

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

	2011 £	2010 £
Accelerated capital allowances	274,839	335,342
Tax losses carried forward	(186,958)	(404,993)
Short term timing differences	(26,425)	(23,794)
	<u>61,456</u>	<u>(93,445)</u>

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



## Notes to the financial statements

at 31 December 2011

### 8. Tax (continued)

(d) Factors that may affect future tax charges

The Finance Act 2011 substantively enacted a rate reduction such that the corporation tax rate was reduced to 26% with effect from 1 April 2011. Therefore the average corporate tax for the year ended 31 December 2011 is 26.5%. The Finance Act 2011 also substantively enacted a corporation tax rate of 25% with effect from 1 April 2012. Following announcements in the 2012 Budget on 21 March 2012, it was proposed that the full rate of corporation tax be reduced to 24% with effect from 1 April 2012, with further rate reductions ultimately bringing the corporation tax rate down to 22% with effect from 1 April 2014.

As the rate reduction from 25% to 24% was not substantively enacted at the balance sheet date the enacted rate of 25% has been applied to the timing differences at the balance sheet date.

The effect of the rate change to 22%, if it had been enacted at the balance sheet date, would be to reduce the deferred tax liability by £7,375 to £54,081. The rate change will also impact the amount of the future cash tax payments to be made by the company.

### 9. Intangible fixed assets

	<i>Patents and trademarks</i>	<i>Research and development</i>	<i>Intellectual property</i>	<i>Total</i>
	£	£	£	£
Cost				
At 1 January 2011	30,327	4,805,790	508,411	5,344,528
Additions	-	49,918	-	49,918
At 31 December 2011	<u>30,327</u>	<u>4,855,708</u>	<u>508,411</u>	<u>5,394,446</u>
Amortisation				
At 1 January 2011	30,326	3,564,179	286,459	3,880,964
Charge for the year	-	176,057	101,682	277,739
At 31 December 2011	<u>30,326</u>	<u>3,740,236</u>	<u>388,141</u>	<u>4,158,703</u>
Net book value				
At 31 December 2011	<u>1</u>	<u>1,115,472</u>	<u>120,270</u>	<u>1,235,743</u>
At 1 January 2011	<u>1</u>	<u>1,241,611</u>	<u>221,952</u>	<u>1,463,564</u>

## Notes to the financial statements

at 31 December 2011

### 10. Tangible fixed assets

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Furniture, fittings and equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost or valuation					
At 1 January 2011	1,200,000	858,209	89,740	113,821	2,261,770
Additions	-	100,260	-	77,154	177,414
Disposals	-	(17,553)	(17,844)	(566)	(35,963)
Foreign exchange movement	-	-	(3,088)	(97)	(3,185)
At 31 December 2011	<u>1,200,000</u>	<u>940,916</u>	<u>68,808</u>	<u>190,312</u>	<u>2,400,036</u>
Depreciation					
At 1 January 2011	74,353	681,016	64,624	102,652	922,645
Charge for the year	27,882	63,551	4,982	7,229	103,644
On disposals	-	(13,421)	(3,346)	(374)	(17,141)
Foreign exchange movement	-	-	(579)	(63)	(642)
At 31 December 2011	<u>102,235</u>	<u>731,146</u>	<u>65,681</u>	<u>109,444</u>	<u>1,008,506</u>
Net book value					
At 31 December 2011	<u>1,097,765</u>	<u>209,770</u>	<u>3,127</u>	<u>80,868</u>	<u>1,391,530</u>
At 1 January 2011	<u>1,125,647</u>	<u>177,193</u>	<u>25,116</u>	<u>11,169</u>	<u>1,339,125</u>

Cost or valuation at 31 December 2011 is as follows

	<i>Land and buildings</i>
	£
<b>At cost</b>	-
<b>At valuation</b>	
18 April 2008 at market value	<u>1,200,000</u>

The land and buildings were revalued on 18 April 2008 by Arnolds Chartered Surveyors on an open market existing use basis

## Notes to the financial statements

at 31 December 2011

### 10. Tangible fixed assets (continued)

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

	2011 £	2010 £
Cost	283,060	283,060
Accumulated depreciation	(93,000)	(88,500)
Net book value	<u>190,060</u>	<u>194,560</u>

### 11. Investments

	<i>Investments in subsidiary undertakings</i> £
Cost or valuation	
At 1 January 2011	40,250
Disposals	(1,250)
At 31 December 2011	<u>39,000</u>
Net book value	
At 31 December 2011	<u>39,000</u>
At 1 January 2011	<u>40,250</u>

#### Subsidiary undertakings

The following were subsidiary undertakings of the company

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

The aggregate of the share capital and reserves as at 31 December 2011 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

<i>Name</i>	<i>Aggregate of share capital and reserves</i>	<i>Profit</i>
Kongsberg GeoAcoustics Asia Pacific Pte Limited (registered in Singapore)	<u>431,190</u>	<u>120,277</u>

GeoAcoustics Inc ceased trading on 31 December 2011, and the investment was written off

## Notes to the financial statements

at 31 December 2011

### 12. Stocks

	<i>2011</i>	<i>2010</i>
	£	£
Raw materials	194,204	132,946
Work in progress	1,229,643	1,037,873
	<u>1,423,847</u>	<u>1,170,819</u>

### 13. Debtors

	<i>2011</i>	<i>2010</i>
	£	£
Trade debtors	648,961	630,539
Amounts owed by group undertakings	296,602	172,174
Corporation tax recoverable	-	731
Other debtors	21,285	95,803
Prepayments and accrued income	33,543	38,887
Tax recoverable	1,800	1,800
Deferred tax (note 8(c))	-	93,445
	<u>1,002,191</u>	<u>1,033,379</u>

### 14. Creditors: amounts falling due within one year

	<i>2011</i>	<i>2010</i>
	£	£
Bank loans and overdrafts	48,174	293,654
Payments received on account	283,380	483,447
Trade creditors	393,488	309,559
Amounts owed to group undertakings	343,952	506,393
Corporation tax	29,000	731
Social security and other taxes	36,328	29,827
Other creditors	44,236	6,412
Accruals and deferred income	185,942	92,432
	<u>1,364,500</u>	<u>1,722,455</u>

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

## Notes to the financial statements

at 31 December 2011

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

	2011	2010
	£	£
Bank loans	1,900	44,423
Amounts owed to group undertakings	-	250,271
	<u>1,900</u>	<u>294,694</u>

Included within the above are amounts falling due as follows

	2011	2010
	£	£
Between two and five years		
Bank loans	<u>1,900</u>	<u>44,423</u>

### 16. Provisions for liabilities

	<i>Warranty</i>
	£
At 1 January 2011	85,478
Additions	168,544
Utilised during the year	<u>(73,312)</u>
At 31 December 2011	<u>180,710</u>

#### *Warranty*

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

### 17. Issued share capital

	2011		2010	
<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 2011

### 18. Movements on reserves

	<i>Capital redemption reserve</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>
	£	£	£
At 1 January 2011	300	926,588	2,139,287
Profit for the year	-	-	875,333
Transfer between revaluation reserve and profit and loss account	-	(23,382)	23,382
Other movements – exchange difference on retranslation of net assets of branch	-	-	10,388
At 31 December 2011	<u>300</u>	<u>903,206</u>	<u>3,048,390</u>

### 19. Reconciliation of shareholders' funds

	<i>2011</i>	<i>2010</i>
	£	£
Opening shareholders' funds	3,066,905	3,329,092
Profit/(loss) for the year	875,333	(260,167)
Other recognised gains and losses during the year	10,388	(2,020)
Closing shareholders' funds	<u>3,952,626</u>	<u>3,066,905</u>

### 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 £39,108 (2010 – £39,797). The unpaid contributions outstanding at the period end included in accruals amounted to £6,557 (2010 – £6,182).

### 21. Other financial commitments

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

	<i>2011</i>		<i>2010</i>	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire				
Within one year	-	320	-	4,795
In two to five years	-	21,271	-	10,405
	<u>-</u>	<u>21,591</u>	<u>-</u>	<u>15,200</u>

## Notes to the financial statements

at 31 December 2011

### 22. Related party transactions

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

### 23. Ultimate parent undertaking and controlling party

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

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