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**GARDLINE GEOSURVEY  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2012

**THURSDAY**



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COMPANIES HOUSE

Company no 04589821

# GARDLINE GEOSURVEY LIMITED

## FINANCIAL STATEMENTS

For the year ended 30 April 2012

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|                   |                                                                                                                                                  |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Company no        | 04589821                                                                                                                                         |
| Registered office | Endeavour House<br>Admiralty Road<br>Great Yarmouth<br>Norfolk<br>NR30 3NG                                                                       |
| Directors         | P N Stanley<br>M R Woollorton<br>K P Games                                                                                                       |
| Secretary         | S D Heywood                                                                                                                                      |
| Auditor           | Grant Thornton UK LLP<br>Statutory Auditor<br>Chartered Accountants<br>Kingfisher House<br>1 Gilders Way<br>St James Place<br>Norwich<br>NR3 1UB |

# **GARDLINE GEOSURVEY LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 30 April 2012

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# GARDLINE GEOSURVEY LIMITED

## REPORT OF THE DIRECTORS

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The directors submit their report and the financial statements for the year ended 30 April 2012

### Principal activities

The principal activities of the company are

- offshore surveying and marine contracting
- offshore geotechnical services
- offshore engineering services
- the provision of environmental and oceanographic services and monitoring

### Business review

The profit for the financial year amounted to £12,403,830 (2011 £14,508,752)

The company has managed to increase its turnover during the period as a result of the increased activity outside the UK. The major growth for the company has been in the rest of the world rather than Europe and in most cases this has involved venturing into new markets which have attracted the associated set up costs in terms of compliance and registration. This has resulted in the company having higher levels of administrative costs which has reduced the final performance of the business. Given this the directors are pleased with the performance of the company and remain confident that the investment being made now will result in increased returns in the future.

### Principal risks and uncertainties

The principal risks and uncertainties facing the business are those linked to

- operating vessels carrying out survey work offshore in a variety of locations,
- the ability of the business to recruit and retain the staff necessary to develop the business,
- the ability to continue developing the business in different market sectors and geographical locations,
- the financial risks identified later in this report

### Key performance indicators

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators (KPI's)

The key financial performance indicators are turnover, gross profit, gross margin percentage, EBITA and average profit (EBITA) per employee. These KPI's indicate the volume of work the company has undertaken as well as the efficiency and profitability with which this work has been delivered. The key non-financial performance indicator is the number of staff employed by the company.

The key financial performance indicators for the year ended 30 April 2012, with comparatives for the year ended 30 April 2011, are set out below

|                                     | 2012   | 2011   |
|-------------------------------------|--------|--------|
| Turnover (£'000s)                   | 73,910 | 71,877 |
| Gross profit (£'000s)               | 19,232 | 18,748 |
| Gross margin (%)                    | 26%    | 26%    |
| EBITA (£'000s)                      | 14,339 | 16,643 |
| Average number of employees         | 385    | 374    |
| Average EBITA per employee (£'000s) | 37     | 45     |

The turnover and gross profit KPI's have improved during the year as a result of the increased activity levels and have been achieved without impacting on the gross margin percentage. The EBITA and the average EBITA have fallen as a result of the issues identified in the business review.

# **GARDLINE GEOSURVEY LIMITED**

## **REPORT OF THE DIRECTORS**

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### **Future developments**

The directors feel that the company is developing well and will seek to continue expanding both the services on offer and the geographical markets in which they operate in order to maximise the investments being made by the Gardline Marine Science and Gardline Shipping groups. The directors are confident that the company will continue to consolidate its position as a leading marine contracting business.

### **Dividends**

During the year the company paid interim dividends amounting to £6,000,000. No dividend has been proposed subsequent to the year end.

### **Financial risk management objectives and policies**

In common with other businesses, the company aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the business. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Debts are actively chased by the credit control department. As part of a larger group the exchange risk is managed centrally, with currency exposure managed through a mixture of internal financial controls.

### **Charitable donations**

During the year the company made charitable donations of £1,004.

### **Directors**

The directors who served during the year were

P N Stanley  
M R Woollorton  
K P Games

### **Statement of directors' responsibilities**

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 laws). 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 and 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 accounting 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,
- 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.

# GARDLINE GEOSURVEY LIMITED

## REPORT OF THE DIRECTORS

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### Statement of directors' responsibilities (continued)

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

### Employee involvement and disabled persons

The company endeavours to consult with or otherwise keep its employees informed of all factors affecting the company that it considers relevant to employees or departments

The company treats applications for employment from disabled persons in the same way as other persons, provided that they are able to meet the requirements of the job. Subject to this provision, training, career developments and promotion will also be available. Where employees become disabled the company continues to employ them provided that they are still able to meet their responsibilities and carry out the duties of their employment.

BY ORDER OF THE BOARD



S D Heywood  
Secretary  
22 January 2013

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GARDLINE GEOSURVEY LIMITED**

We have audited the financial statements of Gardline Geosurvey Limited for the year ended 30 April 2012 which comprise the principal accounting policies, the profit and loss account, the balance sheet and the related notes. 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 member 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 member 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 member 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 pages 2 and 3, 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 (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

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

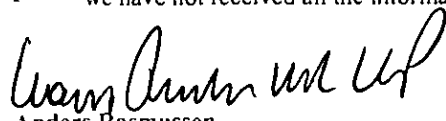
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the report of the directors' for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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.



Anders Rasmussen

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

NORWICH

3.2/1/2013

# **GARDLINE GEOSURVEY LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention

The company and group of which it is a member has considerable financial resources and continues to trade profitably in the current financial year. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, it remains appropriate to prepare the financial statements on a going concern basis.

The principal accounting policies of the company are set out below.

### **CASH FLOW STATEMENT**

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned subsidiary undertaking, and consolidated financial statements in which the company is included are publicly available.

### **TURNOVER**

Turnover comprises of the value of services performed by the company during the year, net of value added tax and trade discounts. Where contracts are in progress at the year end, but have not been billed, revenue and profit is recognised to the extent that the company has obtained the right to consideration through its performance under the contract.

### **GOODWILL**

Goodwill is stated at cost less amortisation. Amortisation is provided at a rate calculated to write off goodwill, less estimated residual value, over its expected useful life on a straight line basis.

### **FIXED ASSET INVESTMENTS**

Fixed asset investments are stated at cost less any provisions for impairment.

### **TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the straight line basis at the following rates:

|                                          |   |                          |
|------------------------------------------|---|--------------------------|
| Survey equipment                         | - | 16.67% and 25% per annum |
| Plant and machinery and office equipment | - | 16.67% and 25% per annum |
| Motor vehicles                           | - | 25% per annum            |

Assets which are acquired from fellow group companies are depreciated over their original estimated useful lives.

### **DRY DOCKING COSTS**

The company routinely incurs dry docking costs on ships which it operates. To the extent that these costs represent planned maintenance and repair activities, they are immediately written off to the profit and loss account. Any capital expenditure incurred during a dry docking is transferred to the group company which owns the vessel, where it is capitalised as ship improvements on a component basis and depreciated in accordance with the group accounting policy for such assets.

# **GARDLINE GEOSURVEY LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **STOCKS**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

### **FINANCIAL INSTRUMENTS**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

Where none of the contractual terms of share capital meet the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

### **FOREIGN CURRENCIES**

Assets and liabilities in foreign currencies are translated into sterling at the 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 transaction. Exchange differences are taken into account in arriving at the operating profit.

### **TAXATION**

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standard 19, provision is made for deferred tax in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised when it becomes more likely than not that the deferred tax asset will be recovered. Deferred tax is measured using rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

### **PENSIONS**

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

The company is also a participating employer in the Merchant Navy Officers Pension Fund, a defined benefit scheme. The company is unable to identify its share of the underlying assets and liabilities and its interest in the scheme is accounted for as if it were a defined contribution scheme. Further details of this scheme are provided in note 21 to the financial statements.

# GARDLINE GEOSURVEY LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 30 April 2012

|                                                      | Note | 2012<br>£    | 2011<br>£    |
|------------------------------------------------------|------|--------------|--------------|
| <b>Turnover</b>                                      | 1    | 73,910,339   | 71,876,837   |
| Cost of sales                                        |      | (54,678,543) | (53,129,327) |
| <b>Gross profit</b>                                  |      | 19,231,796   | 18,747,510   |
| Administrative expenses                              |      | (8,487,908)  | (8,142,219)  |
| Income from shares in group undertakings             |      | 3,595,000    | 6,037,584    |
| <b>Operating profit</b>                              | 2    | 14,338,888   | 16,642,875   |
| Interest receivable and similar income               | 5    | 18,421       | 11,337       |
| Interest payable and similar charges                 | 6    | (23,928)     | (11,238)     |
| <b>Profit on ordinary activities before taxation</b> |      | 14,333,381   | 16,642,974   |
| Tax on profit on ordinary activities                 | 7    | (1,929,551)  | (2,134,222)  |
| <b>Profit for the financial year</b>                 | 18   | 12,403,830   | 14,508,752   |

All amounts relate to continuing operations

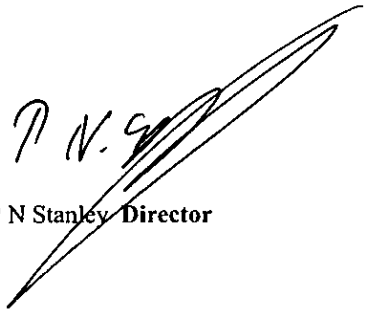
The company has no recognised gains or losses other than the results for the year

The accompanying accounting policies and notes form an integral part of these financial statements

## BALANCE SHEET AT 30 APRIL 2012

|                                                                | Note | 2012                | 2011                |
|----------------------------------------------------------------|------|---------------------|---------------------|
|                                                                |      | £                   | £                   |
| <b>Fixed assets</b>                                            |      |                     |                     |
| Intangible assets                                              | 9    | -                   | -                   |
| Tangible assets                                                | 10   | 1,940,681           | 1,824,070           |
| Investments                                                    | 11   | 4,079,189           | 4,079,189           |
|                                                                |      | <u>6,019,870</u>    | <u>5,903,259</u>    |
| <b>Current assets</b>                                          |      |                     |                     |
| Stocks                                                         | 12   | 2,218,655           | 2,137,614           |
| Debtors                                                        | 13   | 20,407,643          | 21,034,005          |
| Cash at bank and in hand                                       |      | 8,723,396           | 3,605,845           |
|                                                                |      | <u>31,349,694</u>   | <u>26,777,464</u>   |
| <b>Creditors: amounts falling due within one year</b>          | 14   | <u>(13,029,635)</u> | <u>(14,406,041)</u> |
| <b>Net current assets</b>                                      |      | <u>18,320,059</u>   | <u>12,371,423</u>   |
| <b>Total assets less current liabilities</b>                   |      | <u>24,339,929</u>   | <u>18,274,682</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 15   | <u>(891,540)</u>    | <u>(1,230,123)</u>  |
| <b>Net assets</b>                                              |      | <u>23,448,389</u>   | <u>17,044,559</u>   |
| <b>Capital and reserves</b>                                    |      |                     |                     |
| Called up equity share capital                                 | 17   | 20,000              | 20,000              |
| Profit and loss account                                        | 18   | 23,428,389          | 17,024,559          |
| <b>Equity shareholder's funds</b>                              | 19   | <u>23,448,389</u>   | <u>17,044,559</u>   |

The financial statements were approved by the board of directors, signed and authorised for issue on 22 January 2013



P N Stanley Director

The accompanying accounting policies and notes form an integral part of these financial statements

# GARDLINE GEOSURVEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2012

### 1 TURNOVER

Turnover is attributable to one class of business

Turnover is analysed by geographical market as follows

|                | 2012<br>£  | 2011<br>£  |
|----------------|------------|------------|
| United Kingdom | 39,937,267 | 38,556,320 |
| European Union | 14,879,804 | 21,355,093 |
| Other          | 19,093,268 | 11,965,424 |
| Total          | 73,910,339 | 71,876,837 |

The company considers the geographical analysis of turnover to be commercially sensitive and hence has taken advantage of Companies Act provisions and not provided any further disclosure of amounts included above as 'other'

### 2 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

|                                                    | 2012<br>£ | 2011<br>£ |
|----------------------------------------------------|-----------|-----------|
| Depreciation of tangible fixed assets              |           |           |
| - owned by the company                             | 581,088   | 451,095   |
| Loss/(profit) on disposal of tangible fixed assets | 2,767     | (3,818)   |
| Audit fees                                         | 17,100    | 16,600    |
| Exchange losses                                    | 24,310    | 257,345   |

### 3 DIRECTORS' EMOLUMENTS AND BENEFITS

|                                                 | 2012<br>£ | 2011<br>£ |
|-------------------------------------------------|-----------|-----------|
| Directors' emoluments                           | 250,454   | 324,053   |
| Contributions to money purchase pension schemes | 10,680    | 19,763    |

The aggregate of emoluments of the highest paid director for the year was £250,454 (2011 £324,053), and company pension contributions of £10,680 (2011 £19,763) were made to a money purchase scheme on his behalf

The number of directors accruing benefits under money purchase pension schemes were

|                        | 2012<br>Number | 2011<br>Number |
|------------------------|----------------|----------------|
| Money purchase schemes | 1              | 1              |

**GARDLINE GEOSURVEY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 April 2012

**4 STAFF COSTS**

Staff costs, including directors' emoluments, were as follows

|                               | 2012<br>£         | 2011<br>£         |
|-------------------------------|-------------------|-------------------|
| Wages and salaries            | 13,740,348        | 13,333,167        |
| Social security costs         | 1,517,339         | 1,478,023         |
| Other pension costs (note 21) | 235,355           | 219,631           |
|                               | <u>15,493,042</u> | <u>15,030,821</u> |

The average monthly number of employees, including directors, during the year was

|           | 2012<br>Number | 2011<br>Number |
|-----------|----------------|----------------|
| Surveying | <u>385</u>     | <u>374</u>     |

**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

|                                             | 2012<br>£     | 2011<br>£     |
|---------------------------------------------|---------------|---------------|
| Interest receivable from group undertakings | 16,333        | 1,707         |
| Other interest receivable                   | 2,088         | 9,630         |
|                                             | <u>18,421</u> | <u>11,337</u> |

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

|                                        | 2012<br>£     | 2011<br>£     |
|----------------------------------------|---------------|---------------|
| Bank loans and overdrafts              | 11,412        | 3,701         |
| Interest payable to group undertakings | 3,963         | 7,537         |
| Other interest payable                 | 8,553         | -             |
|                                        | <u>23,928</u> | <u>11,238</u> |

**GARDLINE GEOSURVEY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 April 2012

**7 TAX ON PROFIT ON ORDINARY ACTIVITIES****(a) Analysis of the tax charge for the year**

The taxation charge on the profit on ordinary activities comprises

|                                               | 2012<br>£        | 2011<br>£        |
|-----------------------------------------------|------------------|------------------|
| <b>UK corporation tax</b>                     |                  |                  |
| Current tax on income for the year            | 1,286,910        | 1,436,067        |
| Under provision in respect of prior years     | 43,444           | 26,969           |
| <b>Total UK corporation tax</b>               | <b>1,330,354</b> | <b>1,463,036</b> |
| <b>Foreign tax</b>                            |                  |                  |
| Current tax on income for the year            | 638,849          | 711,130          |
| <b>Total foreign tax</b>                      | <b>638,849</b>   | <b>711,130</b>   |
| <b>Total current tax (note 7(b))</b>          | <b>1,969,203</b> | <b>2,174,166</b> |
| <b>Deferred tax</b>                           |                  |                  |
| Origination or reversal of timing differences | (39,652)         | (39,944)         |
| <b>Tax on profit on ordinary activities</b>   | <b>1,929,551</b> | <b>2,134,222</b> |

**(b) Factors affecting the tax charge for the year**

The tax assessed for the year is lower (2011 lower) than the standard rate of corporation tax in the UK. The differences are explained below

|                                                                                                                            | 2012<br>£        | 2011<br>£        |
|----------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Profit on ordinary activities before taxation                                                                              | 14,333,381       | 16,642,974       |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 28%) - expected charge | 3,726,679        | 4,660,033        |
| Effects of                                                                                                                 |                  |                  |
| Expenses not deductible for tax purposes                                                                                   | 4,009            | 4,330            |
| Difference between capital allowances and depreciation and other timing differences                                        | (34,326)         | (3,727)          |
| Tonnage tax adjustments                                                                                                    | (1,007,827)      | (1,078,358)      |
| Overseas tax not recoverable through double taxation relief                                                                | 183,013          | 266,532          |
| Dividend income not taxable                                                                                                | (934,700)        | (1,690,524)      |
| Adjustment to prior years tax charge                                                                                       | 43,444           | 26,969           |
| Impact of lower rate for last month of the year                                                                            | (11,089)         | (11,089)         |
| <b>Current tax charge for year (note 7(a))</b>                                                                             | <b>1,969,203</b> | <b>2,174,166</b> |

# GARDLINE GEOSURVEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2012

### TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

#### (c) Factors affecting future tax charges

It was recently announced that, effective from April 2012, the main rate of UK corporation tax would reduce from 26% to 24%. This became substantively enacted on 26 March 2012. Deferred tax has been provided for at 24% as this is the rate enacted at the balance sheet date.

In addition to the changes in rates of Corporation tax disclosed above, legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013, and 22% from 1 April 2014 were also included in the Finance Act 2012. These rate reductions had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

### 8 DIVIDENDS

|                                                            | 2012<br>£ | 2011<br>£ |
|------------------------------------------------------------|-----------|-----------|
| Equity                                                     |           |           |
| Interim dividends paid £300 (2011 £446) per ordinary share | 6,000,000 | 8,916,566 |

### 9 INTANGIBLE FIXED ASSETS

|                                 | Goodwill<br>£ |
|---------------------------------|---------------|
| Cost                            |               |
| At 1 May 2011 and 30 April 2012 | 691,072       |
| Amortisation                    |               |
| At 1 May 2011 and 30 April 2012 | 691,072       |
| Net book value at 30 April 2012 | -             |
| Net book value at 30 April 2011 | -             |

**GARDLINE GEOSURVEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 April 2012

**10 TANGIBLE FIXED ASSETS**

|                                 | <b>Plant and<br/>Machinery<br/>£</b> | <b>Office<br/>Equipment<br/>£</b> | <b>Motor<br/>Vehicles<br/>£</b> | <b>Total<br/>£</b> |
|---------------------------------|--------------------------------------|-----------------------------------|---------------------------------|--------------------|
| Cost                            |                                      |                                   |                                 |                    |
| At 1 May 2011                   | 3,426,317                            | 2,270,618                         | 275,045                         | 5,971,980          |
| Additions                       | 60,698                               | 691,618                           | -                               | 752,316            |
| Disposals                       | (1,925)                              | (64,058)                          | -                               | (65,983)           |
| Reclassification                | (199,108)                            | 199,108                           | -                               | -                  |
|                                 | <hr/>                                | <hr/>                             | <hr/>                           | <hr/>              |
| At 30 April 2012                | 3,285,982                            | 3,097,286                         | 275,045                         | 6,658,313          |
|                                 | <hr/>                                | <hr/>                             | <hr/>                           | <hr/>              |
| Depreciation                    |                                      |                                   |                                 |                    |
| At 1 May 2011                   | 2,299,047                            | 1,622,531                         | 226,332                         | 4,147,910          |
| Charged in year                 | 171,914                              | 385,032                           | 24,142                          | 581,088            |
| Disposals                       | (1,925)                              | (9,441)                           | -                               | (11,366)           |
| Reclassification                | 407                                  | (407)                             | -                               | -                  |
|                                 | <hr/>                                | <hr/>                             | <hr/>                           | <hr/>              |
| At 30 April 2012                | 2,469,443                            | 1,997,715                         | 250,474                         | 4,717,632          |
|                                 | <hr/>                                | <hr/>                             | <hr/>                           | <hr/>              |
| Net book value at 30 April 2012 | <b>816,539</b>                       | <b>1,099,571</b>                  | <b>24,571</b>                   | <b>1,940,681</b>   |
|                                 | <hr/>                                | <hr/>                             | <hr/>                           | <hr/>              |
| Net book value at 30 April 2011 | 1,127,270                            | 648,087                           | 48,713                          | 1,824,070          |
|                                 | <hr/>                                | <hr/>                             | <hr/>                           | <hr/>              |

# GARDLINE GEOSURVEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2012

### 11 INVESTMENTS

|                                 | Other<br>investments<br>£ |
|---------------------------------|---------------------------|
| Cost and net book value         |                           |
| At 1 May 2011 and 30 April 2012 | 4,079,189                 |

Other investments comprise a holding of 9% of the ordinary share capital of Gardline Marine Sciences (Egypt) SAE, an offshore surveying company incorporated in Egypt, 40% of the ordinary share capital of Geosurvey Nigeria Ltd, a company incorporated in Nigeria and 4% of the ordinary share capital of Gardline Geosurvey (Norway) Limited, an offshore surveying company incorporated in the United Kingdom

In June 2010 the company subscribed for 51% of the issued share capital of a newly incorporated joint venture company, Gardline CCGV Pte Ltd ("GCGGV") for consideration of £4m. GCGGV is incorporated in Singapore and the principal activity of the company is offshore surveying and seismic data acquisition. Based on the terms of the shareholder agreement the group is unable to exercise dominant influence or control over GCGGV and, having considered the terms of the relevant agreement in the context of FRS9 the directors have treated GCGGV as a joint venture. During the year to 30 April 2012, GCGGV made a loss after tax of £1,677,985 (2011: loss after tax of £1,115,397) and at 30 April 2012 the company had share capital and reserves of £4,708,015 (2011: £6,232,338).

### 12 STOCKS

|                               | 2012<br>£ | 2011<br>£ |
|-------------------------------|-----------|-----------|
| Raw materials and consumables | 2,218,655 | 2,137,614 |

### 13 DEBTORS

|                                     | 2012<br>£         | 2011<br>£         |
|-------------------------------------|-------------------|-------------------|
| Trade debtors                       | 6,816,934         | 4,334,173         |
| Amounts due from group undertakings | 7,861,166         | 9,391,137         |
| Other debtors                       | 695,847           | 340,518           |
| Deferred tax asset (note 16)        | 65,838            | 26,186            |
| Prepayments and accrued income      | 4,967,858         | 6,941,991         |
|                                     | <u>20,407,643</u> | <u>21,034,005</u> |

# GARDLINE GEOSURVEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2012

### 14 CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 2012<br>£         | 2011<br>£         |
|------------------------------------|-------------------|-------------------|
| Bank loan (note 15)                | 368,913           | 360,036           |
| Trade creditors                    | 1,979,688         | 3,341,106         |
| Amounts owed to group undertakings | 4,731,014         | 4,322,666         |
| Corporation tax                    | 633,318           | 822,354           |
| Other taxation and social security | 602,263           | 897,697           |
| Other creditors                    | 783,980           | 752,555           |
| Accruals and deferred income       | 3,930,459         | 3,909,627         |
|                                    | <u>13,029,635</u> | <u>14,406,041</u> |

### 15 CREDITORS' AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|           | 2012<br>£      | 2011<br>£        |
|-----------|----------------|------------------|
| Bank loan | <u>891,540</u> | <u>1,230,123</u> |

The bank loan falls due for payment as follows

|                            | 2012<br>£        | 2011<br>£        |
|----------------------------|------------------|------------------|
| <b>Bank loans</b>          |                  |                  |
| Within one year            | 368,913          | 360,036          |
| Between one and two years  | 368,913          | 360,036          |
| Between two and five years | 522,627          | 870,087          |
|                            | <u>1,260,453</u> | <u>1,590,159</u> |

The bank loan is repayable in equal monthly instalments over a term of five years. Interest is payable at 1.5% over LIBOR. The loan is secured by fixed and floating charges over the assets and undertaking of various group companies and by an unlimited composite company guarantee provided by other group undertakings.

# GARDLINE GEOSURVEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2012

### 16 DEFERRED TAXATION

The amounts provided for deferred taxation calculated using the liability method are set out below

|                                                | 2012<br>£       | 2011<br>£       |
|------------------------------------------------|-----------------|-----------------|
| Deferred tax (asset)/provision brought forward | (26,186)        | 13,758          |
| Origination and reversal of timing differences | (39,652)        | (39,944)        |
|                                                | <u>(65,838)</u> | <u>(26,186)</u> |

The deferred tax asset represents the following

|                                                        | 2012<br>£       | 2011<br>£       |
|--------------------------------------------------------|-----------------|-----------------|
| Difference between capital allowances and depreciation | (15,660)        | 19,187          |
| Other timing differences                               | (50,178)        | (45,373)        |
|                                                        | <u>(65,838)</u> | <u>(26,186)</u> |

### 17 EQUITY SHARE CAPITAL

|                                                                         | 2012<br>£      | 2011<br>£      |
|-------------------------------------------------------------------------|----------------|----------------|
| Authorised<br>Ordinary equity shares of £1 each                         | <u>250,000</u> | <u>250,000</u> |
| Allotted, called up and fully paid<br>Ordinary equity shares of £1 each | <u>20,000</u>  | <u>20,000</u>  |

### 18 RESERVES

|                               | £                 |
|-------------------------------|-------------------|
| Profit and loss account       |                   |
| At 1 May 2011                 | 17,024,559        |
| Profit for the financial year | 12,403,830        |
| Equity dividends paid         | (6,000,000)       |
|                               | <u>23,428,389</u> |
| At 30 April 2012              |                   |

# GARDLINE GEOSURVEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2012

### 19 EQUITY SHAREHOLDER'S FUNDS

|                                     | 2012<br>£   | 2011<br>£   |
|-------------------------------------|-------------|-------------|
| Profit for the financial year       | 12,403,830  | 14,508,752  |
| Equity dividends paid               | (6,000,000) | (8,916,566) |
| Net addition to shareholder's funds | 6,403,830   | 5,592,186   |
| Opening equity shareholder's funds  | 17,044,559  | 11,452,373  |
| Closing equity shareholder's funds  | 23,448,389  | 17,044,559  |

### 20 CONTINGENT LIABILITIES

#### *Group bank guarantee*

A cross guarantee exists between all group companies in relation to the group overdraft facility. The overdraft facility is set at £7,000,000 (2011: £6,000,000).

The Gardline Shipping Group entered into various loan agreements. An unlimited multilateral bank guarantee has been provided in respect of these loans. At the year end £21,089,245 (2011: £18,280,200) was owed in respect of these bank loans.

#### *Group VAT registration*

There is a joint and several liability under a group VAT registration. At the year end there was an outstanding debtor of £556,327 due from HMRC in respect of the VAT group (2011: debtor of £506,462).

#### *Merchant Navy Officers Pension Fund*

As disclosed in note 21 the company is a participating employer in the Merchant Navy Officers Pension Fund. No provision has been made in these financial statements for any future contributions that may become payable to fund the deficit on this scheme, as these future contributions can not be reliably quantified.

# GARDLINE GEOSURVEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2012

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### 21 PENSION COSTS

The group operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions made by the company to the scheme during the year amounted to £235,355 (2011 £219,631). As at 30 April 2012 there were outstanding contributions of £17,576 (2011 £29,557).

The company is also a participating employer in the Merchant Navy Officers Pension Fund ("MNOFF"), an industry wide scheme of which a number of the company's current and former seagoing personnel are members. This is a defined benefit pension scheme and is divided into two sections, the Old Section and the New Section. For both the Old Section and the New Section the MNOFF's independent actuary carried out the most recent full valuation as at 31 March 2009. The next full actuarial valuation for both the Old and New sections of the MNOFF is due as at 31 March 2012.

#### *MNOFF Old Section*

The Old Section has been closed to benefit accrual since 1978. The 2009 actuarial valuation gives a market valuation of the scheme's assets at £1,113m representing approximately 89% of the market value of the benefits accruing to members on the valuation basis. No allocation of this deficit, or previous surpluses, and the related assets or liabilities has ever been made. As a result the company has consistently accounted for its interest in the Old Section as if it were a defined contribution scheme.

The scheme actuary has determined that the asset growth of the fund between the date of the formal valuation and 18 November 2009, the date the valuation was published, was sufficient to eliminate the shortfall. Accordingly, no additional contributions have been sought from participating employers. No funding contributions were made by the group in either the 2011 or 2012 financial years. The preliminary results of the 2012 actuarial valuation indicate that the Old section has returned to a small surplus of £3 million.

#### *MNOFF New Section*

The last three actuarial valuations of the New Section have shown a significant deficit in the scheme. A court judgement in March 2005 clarified the responsibility of employers who have participated in the fund for such deficits, and in particular how these deficits should be allocated between these employers. Following this judgement the company has been able to establish its share of the deficits in the New Section, but because the Section's underlying assets and liabilities are not allocated between employers, the company is exposed to actuarial risks associated with current and former employees of other entities. Furthermore, if any employers, or former employers, fail to make their share of the deficit payments and the trustees are unable to recover such sums, they have the power to increase all the other employers' respective share of the overall deficit on a proportionate basis.

The company has considered the guidance provided by the ICAEW in Audit 1/02 relating to "Group schemes treated as defined contribution schemes" and concluded that it is unable to identify its share of the underlying assets and liabilities within the section on a consistent and reasonable basis. As a result it has accounted for its interest in the New Section as if it were a defined contribution scheme. The charge included in the profit and loss account therefore represents the contributions payable for the year.

The most recent actuarial valuation as at 31 March 2009 showed the market value of the New Section's assets was £1,547m, representing approximately 68% of the benefits accruing to members on the valuation basis. After taking into account deficit contributions that certain participating employers have not yet paid in respect of the 2003 and 2006 deficits there is a net deficit of £557m. The initial allocation of this to the company was £158k and full provision was made for this in 2010. No further allocations have been made to date.

No provision has been made for any additional contributions that may become payable in the future, either as a result of any future deficits or any reallocations of irrecoverable contributions towards the 2009 deficit. The 2012 valuation is due to be published in March 2013.

# GARDLINE GEOSURVEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2012

### 22 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemptions available under Financial Reporting Standard 8 (revised) whereby wholly owned subsidiary undertakings do not have to disclose transactions with other wholly owned members of that group

During the year the company had the following transactions with other group undertakings that are not wholly owned

|                                                    | Sales |        | Purchases |         |
|----------------------------------------------------|-------|--------|-----------|---------|
|                                                    | 2012  | 2011   | 2012      | 2011    |
|                                                    | £     | £      | £         | £       |
| Applied Satellite Technology Limited               | -     | -      | 12,598    | 158,272 |
| Applied Satellite Technology (Asia) PTE            | -     | -      | -         | 101,378 |
| AST Connections Limited                            | -     | -      | 269,611   | 281,030 |
| Charity and Taylor Limited                         | -     | -      | 70,190    | 61,684  |
| Charity and Taylor (Charts & Publications) Limited | -     | -      | 64,619    | 48,768  |
| Titan Environmental Surveys Limited                | 1,500 | 25,538 | 693,339   | 133,113 |

At the year end the company had the following balances with other group undertakings that are not wholly owned

|                                                    | Debtor |       | Creditor |         |
|----------------------------------------------------|--------|-------|----------|---------|
|                                                    | 2012   | 2011  | 2012     | 2011    |
|                                                    | £      | £     | £        | £       |
| Applied Satellite Technology Limited               | -      | -     | -        | 142,887 |
| AST Connections Limited                            | -      | -     | 23,173   | 22,075  |
| Charity and Taylor Limited                         | -      | -     | 2,108    | 2,732   |
| Charity and Taylor (Charts & Publications) Limited | -      | -     | 16,097   | 2,301   |
| Gardline Communications Inc                        | -      | 1,396 | 30       | -       |
| Titan Environmental Surveys Limited                | -      | -     | 159,573  | -       |

During the year the company made sales of £2,529,151 (2011 £2,127,432) to Gardline CCGV Pte Limited, a company in which it owns 51% of the issued share capital. The company also made purchases of £28,583 (2011 £432) from Gardline CCGV Pte Limited. At the year end the company was owed £682,022 (2011 £1,468,745) by Gardline CCGV Pte Limited.

During the year the company made sales of £173,590 (2011 £49,028) to Geosurvey Nigeria Limited, a company in which it owns 40% of the issued share capital. At the year end the company was owed £231,982 (2011 £47,160) by Geosurvey Nigeria Limited.

Asian Geos SDN BDH is treated as a joint venture within the Gardline Marine Sciences accounts. During the year the company made sales of £61,929 (2011 £nil) to the joint venture, Asian Geos SDN,BDH and it's 100% subsidiary Asian Geos (S) Pte Limited. The company also made purchases of £93,267 (2011 £nil) from the two companies. At the year end the company was due £38,089 (2011 nil) from Asian Geos SDN BDH and it's 100% subsidiary Asian Geos (S) Pte Limited.

At the year end the company owed the directors £168,074 (2011 £215,178) in respect of unpaid remuneration. During the prior year the company was loaned £27,002 by Mr K Games, a director of the company. This amount was repaid during the current year.

## **GARDLINE GEOSURVEY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 April 2012

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#### **23 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

The immediate parent undertaking is Gardline Marine Sciences Limited and consolidated accounts for this group are available from Companies House, Cardiff, CF4 3UZ

The ultimate parent undertaking is Gardline Shipping Limited and consolidated financial statements for this group are available from Companies House, Cardiff, CF4 3UZ

The company's ultimate controlling party is the Darling family by virtue of their ownership of the majority of the ordinary share capital of Gardline Shipping Limited