

7057310

SMD Robotics Limited

Report and Financial Statements

31 December 2011

THURSDAY



A27 *A1ICLQEQ* 27/09/2012 #191
COMPANIES HOUSE

Directors

A Hodgson
R J D Lowery

Secretary

R H Howarth

Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne NE1 4JD

Bankers

Barclays Bank Plc
City Office
71 Grey Street
Newcastle upon Tyne NE99 1JP

Registered Office

Turbina Works
Davy Bank
Wallsend
Tyne and Wear NE28 6UZ

Registered No 7057310

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The loss for the year after taxation amounted to £149,105 (14 months ended 31 December 2010 – loss of £200,310) The directors do not recommend a final dividend (14 months ended 31 December 2010 – £nil)

Principal activity

The company was incorporated on 26 October 2009 On 31 December 2009, the company acquired the trade and assets of Hallin Robotics Limited Prior to that date the company had remained dormant

Following the acquisition the principal activity of the company became the design and manufacture of remotely operated vehicles for the subsea equipment and nuclear decommissioning industries

Going concern

The directors have prepared the financial statements on a going concern basis on the grounds that the company expects to meet its liabilities as they fall due The Company is dependent on the continued financial support of its parent undertaking Written confirmation of the parental support for a period of not less than 12 months from the date of approval of these financial statements has been received On this basis, the financial statements have been prepared on the going concern basis as the Directors' believe adequate ongoing financial support will continue to be made available to the Company for the foreseeable future

Directors

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

A Hodgson
R J D Lowery

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



R H Howarth
Secretary

26 April 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of SMD Robotics Limited

We have audited the financial statements of SMD Robotics Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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 Directors' Responsibilities Statement set out on page 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 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 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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report

to the members of SMD Robotics Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mark A B Hatton (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Newcastle upon Tyne

26 April 2012

Profit and loss account

for the year ended 31 December 2011

	<i>Year ended 31 December 2011</i>	<i>14 months ended 31 December 2010</i>
<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	337,458	229,580
Cost of sales	(361,860)	(202,581)
Gross (loss)/profit	(24,402)	26,999
Administrative expenses	(180,885)	(299,178)
Loss on ordinary activities before taxation	2-3 (205,287)	(272,179)
Tax	4 56,182	71,869
Loss for the financial year	11 (149,105)	(200,310)

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2011

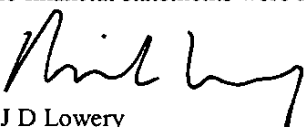
There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £149,105 in the year ended 31 December 2011 (14 months ended 31 December 2010 – loss of £200,310)

Balance sheet

at 31 December 2011

		31 December 2011	31 December 2010
	Notes	£	£
Fixed assets			
Intangible assets	5	31,552	33,269
Tangible assets	6	-	27,000
		<u>31,552</u>	<u>60,269</u>
Current assets			
Stocks	7	-	61,866
Debtors	8	241,427	19,161
Cash at bank		<u>10,502</u>	<u>58,599</u>
		251,929	139,626
Creditors amounts falling due within one year	9	<u>(632,895)</u>	<u>(400,204)</u>
Net current liabilities		<u>(380,966)</u>	<u>(260,578)</u>
Net liabilities		<u>(349,414)</u>	<u>(200,309)</u>
Capital and reserves			
Called up share capital	10-11	1	1
Profit and loss account	11	<u>(349,415)</u>	<u>(200,310)</u>
Shareholders' deficit	11	<u>(349,414)</u>	<u>(200,309)</u>

The financial statements were approved by the Board on 26 April 2012 and signed on its behalf by



R J D Lowery

Director

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

Going concern

At the balance sheet date the Company had a deficit in shareholders' funds of £349,414 which includes liabilities of £617,697 due to fellow group undertakings. The Company is dependent on the continued financial support of its parent undertaking. The financial statements have been prepared on the going concern basis as the Directors' believe adequate ongoing financial support will continue to be made available to the Company for the foreseeable future.

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 (Revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes a group statement of cash flows.

Turnover

Turnover represents the value of work performed in the company's principal activity during the period, excluding VAT.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Goodwill

Goodwill arising on acquisitions is capitalised, classified as an intangible fixed asset in the balance sheet and amortised on a straight line basis through the profit and loss account over the directors' estimate of its useful economic life of up to 20 years. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

All fixed assets are recorded at cost less accumulated depreciation and any provision for impairment in value.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	–	5 years
Motor Vehicles	–	4 years
Equipment	–	3 years

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes an attributable proportion of production overheads.

Provided that the outcome of long term contracts can be assessed with reasonable certainty, such contracts are valued at cost plus attributable profit earned to date. Full provision is made for any estimated losses to completion of contracts as soon as they become reasonably foreseeable.

Progress payments received, when greater than recorded turnover, are deducted from the value of work in progress except to the extent that payments on account exceed the value of work in progress on any contract where the excess is included in creditors. The amount by which recorded turnover of long-term contracts is in excess of payments on account is classified as 'amounts recoverable on contracts' and is separately disclosed within debtors.

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 a right to pay less or to receive more, tax, with the following exception:

- 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

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, except where a forward currency contract has been taken out to fix the rate at which the currency amount will be realised, in which case the amount will be recorded using the contracted rate.

Pensions

The company contributes to individual pension scheme arrangements for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Notes to the financial statements

at 31 December 2011

2. Gross (loss)/profit

This is stated after charging

	<i>Year ended 31 December 2011 £</i>	<i>14 months ended 31 December 2010 £</i>
Amortisation of goodwill (note 5)	1,717	1,717
Depreciation of owned fixed assets (note 6)	27,000	32,999
Operating lease rentals – land & buildings	<u>15,625</u>	<u>13,021</u>

The company's audit fee was borne by a fellow group undertaking during the year. The directors estimate that £2,700 (2010 £2,340) can be apportioned as relating to the audit of the company.

3. Staff costs and directors' remuneration

	<i>Year ended 31 December 2011 £</i>	<i>14 months ended 31 December 2010 £</i>
Wages and salaries	195,834	230,300
Social security costs	22,229	24,217
Other pension costs	8,895	5,262
	<u>226,958</u>	<u>259,779</u>

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

	<i>No</i>	<i>No</i>
Production staff	3	3
Administration staff	2	2
	<u>5</u>	<u>5</u>

The directors are also directors of the ultimate parent undertaking and all remuneration for the period was paid by Soil Machine Dynamics Limited. The directors believe that £12,574 (2010 £10,829) should be apportioned as relating to services as directors of the company.

Notes to the financial statements

at 31 December 2011

4. Tax

(a) Tax on loss on ordinary activities

The tax credit is made up as follows

	Year ended 31 December 2011 £	14 months ended 31 December 2010 £
Current tax		
UK corporation tax on the loss for the year	–	–
Group relief receivable	(48,945)	(68,070)
Adjustment in respect of prior periods	(3,148)	–
Total current tax (note 4(b))	(52,093)	(68,070)
Deferred tax		
Origination and reversal of timing differences (note 4(c))	(5,120)	(3,799)
Adjustment in respect of prior periods	810	–
Effect of tax rate change	221	–
Total deferred tax (note 4 (c))	(4,089)	(3,799)
Tax on loss on ordinary activities	(56,182)	(71,869)

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (14 months ended 31 December 2010 – 28%). The differences are explained below

	Year ended 31 December 2011 £	14 months ended 31 December 2010 £
Loss on ordinary activities before tax	(205,287)	(272,179)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (14 months ended 31 December 2010 – 28%)	(54,387)	(76,210)
Effects of		
Expenditure not deductible for tax purposes	16	4,200
Group relief surrendered before payment	48,945	68,070
Receipt for group relief	(48,945)	(68,070)
Adjustments in respect of prior periods	(3,148)	–
Depreciation in excess of capital allowances	5,245	3,360
Other short term timing differences	181	580
Current tax for the year (note 4(a))	(52,093)	(68,070)

Notes to the financial statements

at 31 December 2011

4. Tax (continued)

(c) Deferred tax

The deferred tax included in the balance sheet is as follows

	<i>Year ended 31 December 2011 £</i>	<i>14 months ended 31 December 2010 £</i>
Included in debtors (note 8)	<u>7,888</u>	<u>3,799</u>

The movement in deferred tax during the year was

	<i>Year ended 31 December 2010 £</i>
At 1 January 2011	3,799
Profit and loss account movement arising during the year (note 4(a))	<u>4,089</u>
At 31 December 2011	<u>7,888</u>

The balance of deferred tax consists of the tax effect of timing differences in respect of

	<i>Year ended 31 December 2011 £</i>	<i>14 months ended 31 December 2010 £</i>
Accelerated capital allowances	7,200	3,240
Short-term timing differences	<u>688</u>	<u>559</u>
	<u>7,888</u>	<u>3,799</u>

(d) Factors that may affect future tax charges

The UK government has announced its intention to reduce the UK corporation tax rate to 22% by 1 April 2014. The reduction from 28% to 26% was substantively enacted on 29 March 2011 and came into effect on 1 April 2011. A hybrid rate of 26.5% therefore applies to current tax liabilities arising during the period. A reduction from 26% to 25% was substantively enacted on 5 July 2011 and was intended to come into effect on 1 April 2012. However, in the Budget Speech on 21 March 2012 the chancellor announced that the rate from 1 April 2012 would instead be reduced to 24% rather than the enacted rate of 25%. At the balance sheet date, the change in the tax rate to the enacted 25% has no effect on current tax liabilities arising prior to the effective date of change. The enacted reduction to 25% has however been applied to deferred tax assets and liabilities arising at the balance sheet date.

The future tax charge will also be affected by the Government's intention to reduce the main rate of capital allowances from 20% to 18% and from 10% to 8% with effect from 1 April 2012.

Notes to the financial statements

at 31 December 2011

5. Intangible fixed assets

£

Cost

At 1 January 2011 and 31 December 2011	<u>34,986</u>
--	---------------

Amortisation

At 1 January 2011	1,717
-------------------	-------

Provided during the year	<u>1,717</u>
--------------------------	--------------

At 31 December 2011	<u>3,434</u>
---------------------	--------------

Net book value

At 31 December 2011	<u>31,552</u>
---------------------	---------------

At 1 January 2011	<u>33,269</u>
-------------------	---------------

Goodwill is being amortised evenly over the directors' estimate of its useful economic life of 20 years

6. Tangible fixed assets

	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Equipment</i>	<i>Total</i>
	£	£	£	£
Cost				
At 1 January 2011 and 31 December 2011	<u>4,999</u>	<u>20,000</u>	<u>35,000</u>	<u>59,000</u>
Depreciation				
At 1 January 2011	4,999	10,500	17,500	32,999
Charge for the year	<u>-</u>	<u>9,500</u>	<u>17,500</u>	<u>27,000</u>
At 31 December 2011	<u>4,999</u>	<u>20,000</u>	<u>35,000</u>	<u>59,999</u>
Net book value				
At 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 1 January 2011	<u>-</u>	<u>9,500</u>	<u>17,500</u>	<u>27,000</u>

7. Stocks

	<i>31 December 2011</i>	<i>31 December 2010</i>
	£	£
Work in progress	<u>-</u>	<u>61,866</u>

Notes to the financial statements

at 31 December 2011

8. Debtors

	31 December 2011	31 December 2010
	£	£
Trade debtors	193,378	50
Prepayments and accrued income	35,118	14,561
Other debtors	5,043	751
Deferred tax	7,888	3,799
	<u>241,427</u>	<u>19,161</u>

9. Creditors: amounts falling due within one year

	31 December 2011	31 December 2010
	£	£
Trade creditors	-	2,727
Amounts owed to group undertakings	617,697	355,537
Accruals and deferred income	5,817	18,241
Other taxation and social security	6,624	23,699
Other creditors	2,757	-
	<u>632,895</u>	<u>400,204</u>

10. Issued share capital

	31 December 2011	31 December 2011
	No	No
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1 <u>1</u>	1 <u>1</u>

11. Reconciliation of shareholders' deficit and movements on reserves

	Share capital	Profit and loss account	Total share- holders' deficit
	£	£	£
At 26 October 2009	-	-	-
Issue of share capital	1	-	1
Loss for the period	-	(200,310)	(200,310)
At 1 January 2011	1	(200,310)	(200,309)
Loss for the year	-	(149,105)	(149,105)
At 31 December 2011	1	(349,415)	(349,414)

Notes to the financial statements

at 31 December 2011

12. Other financial commitments

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

	<i>Property</i>	
	<i>2011</i>	<i>2010</i>
	<i>£</i>	<i>£</i>
Operating leases which expire		
Within one year	-	-
In two to five years	15,625	15,625
	<u>15,625</u>	<u>15,625</u>

13. Contingent liabilities

At the end of the period the company was party to cross guarantees with other undertakings in the Specialist Machine Developments (SMD) Limited group in respect of £4,611,000 (2010 £4,514,000) of bid bonds, advance payment guarantees and performance bonds issued by its banks to third parties on its behalf

The company is subject to a debenture providing fixed and floating charges over its assets as security against the borrowings of the Specialist Machine Developments (SMD) Limited group

14. Related party transactions

The company is a wholly owned subsidiary of Specialist Machine Developments (SMD) Limited and is included in the group financial statements of Specialist Machine Developments (SMD) Limited. The company is exempt under the terms of FRS 8 from disclosing related party transactions with the entities that are wholly owned within the Specialist Machine Developments (SMD) Limited group

15. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Bywell Holdings Limited. Copies of the Bywell Holdings Limited financial statements can be obtained from the registered office, Turbinia Works, Davy Bank, Wallsend, Tyne and Wear

The ultimate parent undertaking is Specialist Machine Developments (SMD) Limited. The parent undertaking of the group of undertakings for which group financial statements are drawn up, and of which the company is a member, is Specialist Machine Developments (SMD) Limited. Copies of the group financial statements of that company can be obtained from the registered office, Turbinia Works, Davy Bank, Wallsend, Tyne and Wear

The directors consider Inflexion GP Limited, incorporated in the United Kingdom and registered in England and Wales, to be the company's ultimate controlling party. It manages the investment funds which own the majority of the ordinary equity shares in the Specialist Machine Developments (SMD) Limited group