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ROTECH ENGINEERING LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2012



**INDEPENDENT AUDITORS' REPORT TO
ROTECH ENGINEERING LIMITED
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages 2 to 9, together with the financial statements of Rotech Engineering Limited for the year ended 30 June 2012 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special Auditors' 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

OPINION ON FINANCIAL STATEMENTS

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts on pages 2 to 9 have been properly prepared in accordance with the regulations made under that section.

Anderson Anderson Brown

Ishbel Sutherland (Senior statutory auditor)

for and on behalf of
Anderson Anderson & Brown LLP

Statutory Auditor

9 Queens Road
Aberdeen
AB15 4YL

Date: 27 March 2013

ABBREVIATED BALANCE SHEET
AS AT 30 JUNE 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	2		2,224,302		7,703,451
CURRENT ASSETS					
Stocks		112,821		187,019	
Debtors		5,603,535		2,506,537	
Cash at bank and in hand		3,868		57,988	
		<u>5,720,224</u>		<u>2,751,544</u>	
CREDITORS: amounts falling due within one year	4	<u>(316,770)</u>		<u>(3,575,394)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>5,403,454</u>		<u>(823,850)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,627,756</u>		<u>6,879,601</u>
CREDITORS: amounts falling due after more than one year			(4,819)		(533,854)
PROVISIONS FOR LIABILITIES					
Deferred tax			-		(105,942)
NET ASSETS			<u><u>7,622,937</u></u>		<u><u>6,239,805</u></u>
CAPITAL AND RESERVES					
Called up share capital	5		300,000		300,000
Revaluation reserve			1,019,602		1,870,980
Other reserves			727,047		727,047
Profit and loss account			<u>5,576,288</u>		<u>3,341,778</u>
SHAREHOLDERS' FUNDS			<u><u>7,622,937</u></u>		<u><u>6,239,805</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf by:


.....
K Stewart
Director

Date: 27.3.13

The notes on pages 3 to 9 form part of these financial statements.

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Going concern

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant & machinery	-	20-33% straight line
Motor vehicles	-	25% reducing balance
Dredger Equipment	-	15% reducing balance

1.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and loss account.

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

1. ACCOUNTING POLICIES (continued)

1.6 Leasing and hire purchase

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.

1.7 Operating leases

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.

1.8 Stocks

Stocks 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.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

1. ACCOUNTING POLICIES (continued)

1.10 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.

1.11 Pensions

The company makes contributions to a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012

2. TANGIBLE FIXED ASSETS

	£
Cost or valuation	
At 1 July 2011	13,055,092
Additions	282,568
Disposals	(8,909,239)
Transfer between classes	-
Revaluation surplus/(deficit)	(252,899)
At 30 June 2012	<u>4,175,522</u>
Depreciation	
At 1 July 2011	5,351,641
Charge for the year	588,644
On disposals	(3,825,456)
Transfer between classes	-
On revalued assets	(163,609)
At 30 June 2012	<u>1,951,220</u>
Net book value	
At 30 June 2012	<u>2,224,302</u>
At 30 June 2011	<u>7,703,451</u>

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

2. TANGIBLE FIXED ASSETS (continued)

Included in land and buildings is freehold land at valuation of £250,000 (2011 - £250,000), (cost £250,000 (2011 - £250,000) which is not depreciated.

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

3. FIXED ASSET INVESTMENTS

	£
Cost or valuation	
At 1 July 2011	-
Additions	8,000,000
Disposals	(8,000,000)
At 30 June 2012	-
Net book value	
At 30 June 2012	-
At 30 June 2011	-

The company received shares in Rotech Subsea Limited in exchange for assets sold to the company. These shares were shortly thereafter sold for £8,000,000.

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2012**

4. CREDITORS:

Amounts falling due within one year

The bank holds a bond and floating charge over the whole assets of the company. No amounts were due to the bank at 30 June 2012.

5. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
300,000 Ordinary shares of £1 each	300,000	300,000

6. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors consider Rotech Holdings Limited, a company incorporated in Scotland controlled by K Stewart to be the company's ultimate parent company.