

Score Marine Limited

**Directors' report and financial statements
for the 52 weeks ended 26 September 2013**

Registered Number SC229821

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Score Marine Limited

Directors' report and financial statements

for the 52 weeks ended 26 September 2013

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Score Marine Limited

Company details, directors and advisors

Directors

Ian Davidson

Geoff Pearson

Liam Conn (resigned 26 September 2013)

Mathew Whyte (appointed 26 September 2013)

Secretary

Mathew Whyte

Auditor

KPMG LLP

37 Albyn Place

Aberdeen

AB10 1JB

Solicitors

McClure Naismith

292 St Vincent Street

Glasgow

G2 5TQ

Insurers

Aon Limited

21 Golden Square

Aberdeen

AB10 1RE

Bankers

Lloyds Bank plc

3-5 Albyn Place

Aberdeen

AB10 1PY

Registered Office

Glenugie Engineering

Works

Peterhead

AB42 0YX

Telephone: 01779 480000

Registered Number

SC229821

Score Marine Limited

Directors' report

The directors present their directors' report and the financial statements of the company for the 52 weeks ended 26 September 2013.

Principal activities

The principal activities of the company are that of naval engineering and supply of naval engineering materials and labour.

Review of business and future developments

The principal customer of Score Marine Limited continues to be the Marine and Auxiliary Systems Integrated Project Team (MXS IPT), which is responsible for naval valves and other auxiliary equipment in the Defence Logistics Organisation of the Ministry of Defence (MoD).

The QEC Aircraft Carrier contract for valves and actuators continues to grow and deliveries for the second ship of this class commenced in this financial year. The company concluded the year with sales of £10,656,333 which was £3.27m (44%) up on last year and returned a pre tax profit of £575,968.

Score Marine has started to get closer to the Naval Dockyards supplying valves for Type 23 re-fits and will play an active role in HMS Oceans major re-fit in the coming financial year.

Results and dividends

During the year the company paid an interim dividend of £750,000 (2012: £nil). The directors do not recommend the payment of a final dividend (2012: £nil). The profit for the 52 weeks of £441,189 (2012: £179,437) will be taken to reserves.

Directors

The directors of the company at 26 September 2013 and up to the date of this report are listed on page 1. In accordance with the Articles of Association the directors are not required to retire by rotation.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgements 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.

Score Marine Limited

Directors' report (Cont)

Statement of directors' responsibilities (cont)

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement of disclosure of information to auditor

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



Mathew Whyte
Secretary
Glenugie Engineering Works
Peterhead
AB42 0YX
7 November 2013



37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditor's report to the members of Score Marine Limited

We have audited the financial statements of Score Marine Limited for the 52 weeks ended 26 September 2013 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 2, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 26 September 2013 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with UK 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.

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 by the parent company, 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.

Duncan MacAskill (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
7 November 2013

Score Marine Limited

Profit and loss account for the 52 weeks ended 26 September 2013

	Note	2013 £	2012 £
Turnover	2	10,656,333	7,384,737
Cost of sales		<u>(9,556,610)</u>	<u>(6,698,877)</u>
Gross profit		1,099,723	685,860
Net operating expenses	3	<u>(618,348)</u>	<u>(521,578)</u>
Operating profit		481,375	164,282
Interest receivable and similar income	7	96,675	74,868
Interest payable and similar charges	8	<u>(2,082)</u>	<u>(130)</u>
Profit on ordinary activities before taxation	4 – 6	575,968	239,020
Taxation on profit on ordinary activities	9	<u>(134,779)</u>	<u>(59,583)</u>
Profit for the financial period	16	<u>441,189</u>	<u>179,437</u>

The above results all relate to continuing operations.

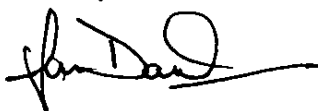
The company has no recognised gains or losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

Score Marine Limited

Balance sheet as at 26 September 2013 (SC229821)

	Note	2013 £	2013 £	2012 £	2012 £
Current assets					
Stock	10	186,379		137,531	
Debtors	11	5,448,192		4,323,992	
Cash		<u>10,487</u>		<u>92,743</u>	
		5,645,058		4,554,266	
Creditors: amounts falling due within one year	12	<u>(4,225,733)</u>		<u>(3,055,564)</u>	
Net current assets			<u>1,419,325</u>		<u>1,498,702</u>
Total assets less current liabilities			<u>1,419,325</u>		<u>1,498,702</u>
Provisions for liabilities	13		<u>(683,422)</u>		<u>(453,988)</u>
Net assets			<u>735,903</u>		<u>1,044,714</u>
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account	16		<u>735,803</u>		<u>1,044,614</u>
Shareholder's funds	17		<u>735,903</u>		<u>1,044,714</u>

The financial statements were approved by the board of directors on 7 November 2013 and were signed on its behalf by:



Ian Davidson
Director

Score Marine Limited

Notes to the financial statements

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company's business activities, together with the factors likely to affect its future developments and position are set out on the Directors' Report on page 2. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. However, as set out in note 18, the company is party to a cross guarantee arrangement. The group has secured bank facilities through to September 2015 and the directors, having assessed the responses to their enquiries of the directors of the company's ultimate parent undertaking, Score Group plc, believe that it remains appropriate to prepare the financial statements on a going concern basis.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any other costs that are directly attributable to bringing the asset into working condition for its intended use.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures, fittings and office equipment	25 – 50%
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Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and production overheads based on the normal level of activity. Provision is made where necessary for obsolete, slow moving and defective stocks.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover. Payments received on account are included in creditors and represent payments on account in excess of turnover recognised.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of revenue can be measured reliably. Revenue from product sales is recognised when the company has transferred to the customer the significant risks and rewards of ownership, which is normally upon delivery of the goods. Revenue from services is recognised as the service is provided (see long term contracts accounting policy). Revenues are stated net of sales taxes and trade discounts.

Score Marine Limited

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 difference can be deducted. Deferred tax is measured on a non-discounted basis.

Warranty provision

Provision is made, based on an assessment of historical claims made, in respect of the estimated cost of settling claims that may arise on goods sold and services provided, that are still in the warranty period.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash flow statement

The company is a wholly owned subsidiary of Score Group plc and the cash flows of the company are included in the consolidated group cash flow statement of Score Group plc. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

Score Marine Limited

2 Turnover

All sales originate in the United Kingdom. The geographical analysis by destination is as follows:-

	2013	2012
	£	£
UK	10,600,601	7,239,541
Rest of the world	55,732	145,196
	<u>10,656,333</u>	<u>7,384,737</u>

3 Net operating expenses

Net operating expenses are analysed as follows:

	2013	2012
	£	£
Distribution costs	77,219	32,193
Administrative expenses	541,129	489,385
Net operating expenses	<u>618,348</u>	<u>521,578</u>

4 Notes to the profit and loss account

	2013	2012
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Operating lease rentals for land and buildings	150,000	150,000
Loss (gain) on foreign exchange	6,007	(661)
Auditor's remuneration:		
Audit of these financial statements	<u>5,300</u>	<u>5,150</u>

Amounts receivable by the auditor in respect of services to the company, other than the audit of the financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent, Score Group plc.

Score Marine Limited

5 Directors' emoluments

None of the directors receive any emoluments from the company.

Three (2012: three) directors are remunerated by other group companies and an amount of £44,217 (2012: £53,143) has been recharged in respect of their services to the company.

6 Employee information

The company had no employees in either period. Employment costs of £373,521 (2012: £379,907) for 36 (2012: 30) staff were recharged by a fellow subsidiary undertaking.

7 Interest receivable and similar income

	2013	2012
	£	£
On amounts due from group undertakings	96,675	74,868

8 Interest payable and similar charges

	2013	2012
	£	£
On amounts due to group undertaking	2,082	130

Score Marine Limited

9 Taxation

	2013 £	2012 £
Analysis of charge in period		
UK Corporation tax		
Current tax on income for the period	135,263	60,147
Adjustments in respect of prior periods	(58,212)	(93,834)
	<u>77,051</u>	<u>(33,687)</u>
Group relief		
Adjustments in respect of prior periods	57,728	93,270
Total current tax charge being tax on profit on ordinary activities	<u>134,779</u>	<u>59,583</u>

Factors affecting the tax charge for the current period.

The current tax charge for the period is lower (2012: lower) than the standard rate of corporation tax in the UK of 23.5% (2012: 25%). The differences are explained below.

	2013 £	2012 £
Current tax reconciliation		
Profit on ordinary activities before tax	575,968	239,020
Current tax at 23.5% (2012: 25%)	135,352	59,755
Effects of:-		
Expenses not deductible for tax purposes	102	368
Difference between capital allowances and depreciation	(191)	24
Adjustments in respect of prior periods	(484)	(564)
Total current tax charge (see above)	<u>134,779</u>	<u>59,583</u>

Factors affecting future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The unprovided deferred tax asset at 26 September 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Score Marine Limited

10 Stock

The amounts attributable to different categories are as follows:	2013	2012
	£	£
Work in progress	43,301	51,182
Finished stocks and goods for resale	143,078	86,349
	<u>186,379</u>	<u>137,531</u>

11 Debtors

Amounts falling due within one year:	2013	2012
	£	£
Trade debtors	1,116,561	1,874,884
Amounts owed by group undertakings	4,207,963	2,449,108
Prepayments and accrued revenue	123,668	-
	<u>5,448,192</u>	<u>4,323,992</u>

12 Creditors – Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	463,700	611,352
Amounts owed to group undertakings	440,234	630,817
Corporation tax	135,263	60,147
Other taxation and social security costs	207,754	290,851
Accruals and deferred income	1,476,096	879,162
Payments received on account	1,502,686	583,235
	<u>4,225,733</u>	<u>3,055,564</u>

In 2013 and 2012, interest was charged on non-trading intercompany balances at base rate plus 2.5%.

Score Marine Limited

13 Provisions for liabilities

	Warranty provision £
27 September 2012	453,988
Net increase in the period	229,434
26 September 2013	683,422

The warranty provision is in respect of sales potentially subject to claims and it is expected that most of these costs will be incurred in the next financial period.

14 Deferred taxation

A deferred tax asset of £741, consisting entirely of decelerated capital allowances, calculated at 20%, (2012: £1,040 calculated at 23%) has not been recognised as there is insufficient evidence that the asset would be recoverable in the foreseeable future.

15 Called up share capital

	2013 £	2012 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

16 Reserves

	Profit and loss account £
27 September 2012	1,044,614
Profit for the financial period	441,189
Dividends on shares classified in shareholders funds	(750,000)
26 September 2013	735,803

Dividends comprise an interim dividend paid in respect of the current year of £750,000 (2012:£nil). The aggregate amount of dividends proposed, but not included in these accounts at the period end is £nil (2012:£nil).

Score Marine Limited

17 Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Profit for the financial period	441,189	179,437
Dividends on shares classified in shareholder's funds	(750,000)	-
Retained (loss) profit being net (reduction in) addition to shareholder's funds	(308,811)	179,437
Opening shareholder's funds	1,044,714	865,277
Closing shareholder's funds	735,903	1,044,714

18 Contingent liabilities and financial commitments

The company has an agreement to guarantee the bank borrowings of its ultimate parent company, Score Group plc. At 26 September 2013 the net position on the group borrowings was £9,867,715 (2012: £8,527,154). The assets of the company are secured by a bond and floating charge.

Operating lease commitments

At 26 September 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings 2013 £	Land & Buildings 2012 £
Expiring in :Greater than five years	150,000	150,000

19 Related party disclosures

As the Company is a wholly owned subsidiary of Score Group plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

20 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Score Group plc which is the ultimate parent company incorporated in Scotland.

The only group in which the results of the Company are consolidated is that headed by Score Group plc. The consolidated financial statements of the group are available to the public and may be obtained from the company secretary at Glenugie Engineering Works, Peterhead, AB42 0YX. The directors regard Mr C B Ritchie as the ultimate controlling party by virtue of his controlling interest in the equity capital of Score Group plc.