

Score Marine Limited
Annual report and financial statements
for the 52 weeks ended 1 October 2015

Registered Number SC229821



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Contents

Company details, directors and advisors	1
Strategic report	2
Directors' report	4
Independent auditor's report to the members of Score Marine Limited	6
Profit and loss account for the 52 weeks ended 1 October 2015	7
Balance sheet as at 1 October 2015 (SC229821)	8
Notes to the financial statements	9

Score Marine Limited

Company details, directors and advisors

Directors

Ian Davidson

Geoff Pearson

Mathew Whyte

David Buchan (appointed 2 October 2015)

Secretary

Mathew Whyte

Auditor

KPMG LLP

37 Albyn Place

Aberdeen

AB10 1JB

Solicitors

Sonya O'Brien - LLB(Hons), LLM(Employment Law), Dip LP, NP

Ian M Cheyne Building

GLEN Test Facility

Wellbank

Peterhead

AB42 3GL

Insurers

Aon Limited

13 Bon Accord Square

Aberdeen

AB11 6DJ

Bankers

Lloyds Bank Plc

3-5 Albyn Place

Aberdeen

AB10 1PY

Registered Office

Glenugie Engineering Works

Peterhead

AB42 0YX

Registered Number

SC229821

Score Marine Limited

Strategic report

Principal activities

Score Marine provides Valve Maintenance Management services to the Defence and Maritime Industries.

Business model

Score Marine has a specific expertise and core competence in valve engineering. The Company is part of the Score Group which is the market leading provider of valve management services on a global scale.

The Company's business model is one whereby it seeks to collectively apply the unique attributes of its service provision to the benefit of its customer base. The Score Marine model manages whole valve populations as opposed to reacting to problems and applying maintenance on breakdown.

Score Marine adds value to its customers by these means and applies this knowledge in both the existing operations and emerging project environments.

Business review and results

The Company turnover for the 52 weeks ended 1 October 2015 was £6.3million, with a profit before tax of £545,013. The Company's services were principally delivered to the UK Defence sector in the form of the Ministry of Defence (MoD) and the Prime Contractors who provide front line services to MoD in the form of BAE Systems and Babcock Marine.

The business is dominated by three main sectors, namely inventory management support to the UK Naval Surface Fleet, the managed supply of valves to new build projects and Warship refit maintenance, supply and repair work that has become a permanent feature of the Company footprint. Business with 'friendly' foreign navies continues as the Company track record develops.

The Company is not turnover driven and acknowledges that its future success is dependent upon continuing to be agile and innovative in support of ever changing customer requirements.

Key performance indicators

Score Marine makes extensive use of Key Performance Indicators (KPIs) both externally with its Contract customer base and internally as it sets goals and objectives for the organisation which are managed and monitored during the year.

The KPIs selected cover the full spectrum of the Company's performance and target areas include HSE, service delivery, quality, customer satisfaction and personnel development. The KPIs are set for continuous improvement purposes at the Company's annual management review meeting and target areas which are important to Score Marine's business, its customers and the wider community.

HSE – The Principal indicator set was that the number of OHSA recordable incidents should be zero. This KPI was met. Supporting that were targets relating to START Cards (Stop, Think, Assess the Risk and Take Action) toolbox talks. In addition the Company set targets to reduce electricity usage and waste to landfill.

Service Delivery – Score Marine has one principle KPI in its Contract with the Ministry of Defence, that being "percentage availability upon demand". Due to the nature of the Contract actual performance is considered confidential but targets are being met.

Quality – Two quality related KPIs were originally set. These were associated to the closure response times associated with any customer complaints and internal non-conformances, and the scheduled completion of all internal audits. Both these KPIs were met.

Customer Satisfaction – The target set required receipt of a number of formal external compliments from all work carried out.

The Directors and Officers of the Company are content with both the relevance of the KPIs which were set for the reporting period and performance against these KPIs.

Score Marine Limited

Strategic report (Cont)

Principal risks and uncertainties

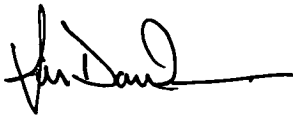
Score Marine in the main part contracts with Government bodies or with Prime Contractors operating on behalf of Government organisations. This has benefits as well as risks in so much any risks associated with non-payment are relatively low but the uncertainty associated with budget constraints is ever present at some degree and the Company works hard to position itself to deal with such pressures as they arise.

The other principal risk to Score Marine relates to losing or indeed failure to secure the mainframe contracts the Company presently operates and others that it is tendering. These however are general business risks and the Directors of Score Marine acknowledge their responsibilities in managing these and indeed in positioning the Company to deal with changes in Government policies and strategies.

Future developments

The next 12 months will see the Company look to consolidate its position as the Valve Management Contractor of choice in the Defence Industry. In doing so Score Marine will continue to listen to its customer base and will continue with proactive, innovative, initiatives to adapt to and better service its changing environments from both an operational and project support context. This will require the Company to be innovative and flexible and the Directors are confident that Score Marine has prepared properly to deliver against these future challenges.

Signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'Ian Davidson', with a long horizontal stroke extending to the right.

Ian Davidson

11 November 2015

Score Marine Limited

Directors' report

The directors present their directors' report and the financial statements of the company for the 52 weeks ended 1 October 2015.

Dividends

During the year the company paid an interim dividend of £700,000 (2014: £500,000). The directors do not recommend the payment of a final dividend (2014: £nil).

Directors

The directors of the company at 1 October 2015 and up to the date of this report are listed on page 1.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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.

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.

Score Marine Limited

Directors' report (Cont)

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
11 November 2015



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 1 October 2015 set out on pages 7 to 16. 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 1 October 2015 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 Strategic Report and 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, 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

37 Albyn Place

Aberdeen

AB10 1JB

13 November 2015

Score Marine Limited

Profit and loss account for the 52 weeks ended 1 October 2015

	Note	2015 £	2014 £
Turnover	2	6,311,027	7,258,299
Cost of sales		<u>(5,041,787)</u>	<u>(6,511,858)</u>
Gross profit		1,269,240	746,441
Net operating expenses	3	<u>(828,208)</u>	<u>(553,416)</u>
Operating profit		441,032	193,025
Interest receivable and similar income	7	105,891	139,103
Interest payable and similar charges	8	<u>(1,910)</u>	<u>(242)</u>
Profit on ordinary activities before taxation	4 – 6	545,013	331,886
Taxation on profit on ordinary activities	9	<u>(111,736)</u>	<u>(73,108)</u>
Profit for the financial period	16	<u>433,277</u>	<u>258,778</u>

The above results all relate to continuing operations.

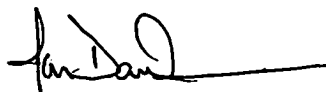
The company has no recognised gains or losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

Score Marine Limited

Balance sheet as at 1 October 2015 (SC229821)

	Note	2015 £	2015 £	2014 £	2014 £
Current assets					
Stock	10	451,638		469,326	
Debtors	11	3,738,347		4,951,650	
Cash		12,082		908	
		<u>4,202,067</u>		<u>5,421,884</u>	
Creditors: amounts falling due within one year	12	(3,114,503)		(4,116,015)	
Net current assets			<u>1,087,564</u>		<u>1,305,869</u>
Total assets less current liabilities			<u>1,087,564</u>		<u>1,305,869</u>
Provisions for liabilities	13	(859,606)		(811,188)	
Net assets			<u>227,958</u>		<u>494,681</u>
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account	16		<u>227,858</u>		<u>494,581</u>
Shareholder's funds	17		<u>227,958</u>		<u>494,681</u>

The financial statements were approved by the board of directors on 11 November 2015 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 financial statements have been prepared for the 52 weeks ended 1 October 2015 (2014: 53 weeks ended 2 October 2014).

The company's business activities, together with the factors likely to affect its future developments and position are set out in the Strategic 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 2016 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.

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.

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.

Score Marine Limited

1 Principal accounting policies (cont)

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.

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:-

	2015 £	2014 £
UK	6,299,702	7,257,732
Rest of Europe	2,328	-
Rest of the world	8,997	567
	<u>6,311,027</u>	<u>7,258,299</u>

3 Net operating expenses

Net operating expenses are analysed as follows:

	2015 £	2014 £
Distribution costs	60,034	35,604
Administrative expenses	768,174	517,812
Net operating expenses	<u>828,208</u>	<u>553,416</u>

4 Notes to the profit and loss account

	2015 £	2014 £
Profit on ordinary activities before taxation is stated after charging (crediting):		
Operating lease rentals for land and buildings	150,000	150,000
(Gain) loss on foreign exchange	(1,938)	22
Auditor's remuneration:		
Audit of these financial statements	<u>5,475</u>	<u>5,375</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 (2014: three) directors are remunerated by other group companies and an amount of £42,531 (2014: £16,117) 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 £717,270 (2014: £520,858) for 58 (2014: 40) staff were recharged by a fellow subsidiary undertaking.

7 Interest receivable and similar income

	2015	2014
	£	£
On amounts due from group undertakings	<u>105,891</u>	<u>139,103</u>

8 Interest payable and similar charges

	2015	2014
	£	£
On amounts due to group undertaking	<u>1,910</u>	<u>242</u>

Score Marine Limited

9 Taxation

	2015 £	2014 £
Analysis of charge in period		
UK Corporation tax		
Current tax on income for the period	64,058	9,705
Adjustments in respect of prior periods	295	(59,461)
	<u>64,353</u>	<u>(49,756)</u>
Group relief		
Current tax on income for the period	47,678	63,400
Adjustments in respect of prior periods	(295)	59,464
	<u>47,383</u>	<u>122,864</u>
Total current tax charge being tax on profit on ordinary activities	<u>111,736</u>	<u>73,108</u>

Factors affecting the tax charge for the current period.

The current tax charge for the period is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.5 % (2014: 22%). The differences are explained below.

	2015 £	2014 £
Current tax reconciliation		
Profit on ordinary activities before tax	545,013	331,886
Current tax at 20.5% (2014: 22%)	111,727	73,015
Effects of:-		
Expenses not deductible for tax purposes	125	237
Difference between capital allowances and depreciation	(112)	(147)
Other	(4)	-
Adjustments in respect of prior periods	-	3
Total current tax charge (see above)	<u>111,736</u>	<u>73,108</u>

Factors affecting future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

The unprovided deferred tax asset at 1 October 2015 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:	2015 £	2014 £
Work in progress	80,717	204,420
Finished stocks and goods for resale	370,921	264,906
	<u>451,638</u>	<u>469,326</u>

11 Debtors

Amounts falling due within one year:	2015 £	2014 £
Trade debtors	961,304	518,061
Amounts owed by group undertakings	2,626,471	4,397,452
Prepayments and accrued revenue	150,572	36,137
	<u>3,738,347</u>	<u>4,951,650</u>

12 Creditors – Amounts falling due within one year

	2015 £	2014 £
Trade creditors	498,690	184,769
Amounts owed to group undertakings	719,115	1,484,611
Corporation tax	64,058	9,705
Group relief payable	47,678	63,400
Other taxation and social security costs	160,813	89,166
Accruals and deferred income	559,250	462,896
Payments received on account	1,064,899	1,821,468
	<u>3,114,503</u>	<u>4,116,015</u>

In 2015 and 2014, interest was charged on non-trading intercompany balances at base rate plus 2.5%.

Score Marine Limited

13 Provisions for liabilities

	Warranty provision £
2 October 2014	811,188
Net increase in the period	48,418
1 October 2015	859,606

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

14 Deferred taxation

A deferred tax asset of £499, consisting entirely of decelerated capital allowances, calculated at 20%, (2014: £608) has not been recognised as there is insufficient evidence that the asset would be recoverable in the foreseeable future.

15 Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

16 Reserves

	Profit and loss account £
2 October 2014	494,581
Profit for the financial period	433,277
Dividends on shares classified in shareholder's funds	(700,000)
1 October 2015	227,858

Dividends comprise an interim dividend paid in respect of the current year of £700,000 (2014:£500,000). The aggregate amount of dividends proposed, but not included in these accounts at the period end is £nil (2014:£nil).

Score Marine Limited

17 Reconciliation of movements in shareholder's funds

	2015 £	2014 £
Profit for the financial period	433,277	258,778
Dividends on shares classified in shareholder's funds	(700,000)	(500,000)
Retained loss being net reduction in shareholder's funds	(266,723)	(241,222)
Opening shareholder's funds	494,681	735,903
Closing shareholder's funds	227,958	494,681

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 1 October 2015 the net position on the group borrowings was £13,158,616 (2014: £13,365,929). The assets of the company are secured by a bond and floating charge.

Operating lease commitments

At 1 October 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings 2015 £	Land & Buildings 2014 £
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.