Score Subsea and Wellhead Limited

Annual report and financial statements

for the 52 weeks ended 27 September 2012

Registered Number SC360201

TUESDAY

S2B91MWO

SCT 25/06/2013 #384

COMPANIES HOUSE

Annual report and financial statements
for the 52 weeks ended 27 September 2012

Contents

Company details, directors and advisors 1
Directors' report 2
Independent auditor's report to the members of Score Subsea and Wellhead Limited 4
Profit and loss account for the 52 weeks ended 27 September 2012 5
Balance sheet as at 27 September 2012 (SC360201) 6
Notes to the financial statements 7

Score Subsea and Wellhead Limited

Company details, directors and advisors

Directors
Charles B Ritchie
William Urquhart

Secretary
Kevin McFarlane

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 TSB Bank plc
3-5 Albyn Place
Aberdeen
AB10 1PY

Registered Office

Ian M. Cheyne Building
Glen Test Facility
Wellbank
Peterhead
AB42 3GL

Registered Number
SC360201

Score Subsea and Wellhead Limited

Directors' report

The directors present their Directors' report and financial statements of the company for the 52 weeks ended 27 September 2012.

Principal activities
The principal activities of the company are that of supplying services and products relating to the subsea oil and gas industry.

Review of business and future developments
2012 has been an excellent year for the Company. Continued growth in employee numbers and services offered by the Company underpins the confidence level shown by our clients, who continue to place their high profile business projects with us. This has led to the growth in revenue from £2,148,044 in 2011 to £5,279,196 in 2012 and a profit before tax reported of £444,448 (2011: loss £482,792).

This growth arises from the award of significant contracts including Wild Well Control Inc for the storage, maintenance and field support of their new Wellhead and from TeeKay Petrojarl for various subsea workscopes.

In addition, Engineering & Design Test Service facilities are being utilised more and more by DSV Contractors and major subsea and wellhead original equipment manufacturers.

The most recent service development is the introduction of Transmission Services. This division services Allison transmissions either in-house or at client's onsite facilities.

Looking ahead to next year, the company's focus is on continuing to increase its market share and continued development of new products and services.

Results and dividends
The directors do not recommend the payment of a dividend. The profit for the period of £313,397 (2011: loss £364,103) will be added to the deficit on reserves.

Directors
The directors of the company at 27 September 2012 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).

Directors' report (Cont)

Statement of directors' responsibilities (cont)
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 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.

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

Kevin McFarlane
Secretary
Peterhead
2 November 2012

37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditor's report to the members of Score Subsea and Wellhead Limited

We have audited the financial statements of Score Subsea and Wellhead Limited for the 52 weeks ended 27 September 2012 set out on pages 5 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 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 web-site at 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 27 September 2012 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.

D MacAskill (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB

8 November 2012

Score Subsea and Wellhead Limited

Profit and loss account for the 52 weeks ended 27 September 2012

	Note	2012 £	2011 £
Turnover	2	**5,279,196**	2,148,044
Cost of sales		**(3,980,569)**	(1,861,350)
Gross profit		**1,298,627**	286,694
Net operating expenses	3	**(812,881)**	(769,486)
Operating profit (loss)		**485,746**	(482,792)
Interest payable and similar charges	7	**(41,298)**	-
Profit (loss) on ordinary activities before taxation	4-6	**444,448**	(482,792)
Taxation (charge) credit on profit (loss) on ordinary activities	8	**(131,051)**	118,689
Profit (loss) for the financial period	17	**313,397**	(364,103)

The above results all relate to continuing operations.

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

Score Subsea and Wellhead Limited

Balance sheet as at 27 September 2012 (SC360201)

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	9		**473,589**		450,603
Current assets					
Stock	10	**447,554**		844,246	
Debtors	11	**819,940**		780,466	
Cash at bank and in hand		**372**		24,242	
		1,267,866		1,648,954	
Creditors: amounts falling due within one year	12	**(1,209,393)**		(1,233,356)	
Net current assets			**58,473**		415,598
Total assets less current liabilities			**532,062**		866,201
Creditors: amounts falling due after more than one year	13		**(675,045)**		(1,356,601)
Provision for liabilities	14		**(50,638)**		(16,618)
Net liabilities			**(193,621)**		(507,018)
Capital and reserves					
Called up share capital	16		**1,000**		1,000
Profit and loss account – deficit	17		**(194,621)**		(508,018)
Shareholder's deficit	18		**(193,621)**		(507,018)

The financial statements were approved by the board of directors on 2 November 2012 and were signed on its behalf by:

Charles B Ritchie
Director

Score Subsea and Wellhead 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.

The following amendments to standards have been adopted in these financial statements for the first time:

(i) Improvements to FRSs (mandatory for periods starting on or after 1 January 2011). FRS 8 Related Party Disclosures is amended to replace the definition of a related party with that set out in UK law.

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 on the going concern basis; notwithstanding the company has net liabilities of £193,621 which the directors believe to be appropriate for the following reason. Score Group plc, the company's ultimate parent company has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to meet its liabilities as they fall due for payment. The group has secured bank facilities through to June 2013 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.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

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:

	%
Plant and machinery	25
Motor vehicles	$33^{1}/_{3}$
Leasehold Improvements	20

Impairment
The company performs impairment reviews in respect of tangible fixed assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the recoverable amount of the asset, being the higher of the asset's net realisable value and its value in use, is found to be less than its carrying value, then an impairment loss is recognised immediately in the profit and loss account.

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.

1 Principal accounting policies (Cont)

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction or, where forward foreign currency contracts have been taken out, at contractual rates. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

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. Revenues are stated net of sales taxes and trade discounts.

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 differences 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.

1 Principal accounting policies (Cont)

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.

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.

Post-retirement benefits
The company contributes to individual employees' personal pension plans. The amount charged against profits represents the contributions payable to the individual pension plans in respect of the accounting period.

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.

2 Turnover

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

	2012	2011
	£	£
UK	**4,207,753**	1,944,702
Europe	**333,293**	187,245
Rest of World	**738,150**	16,097
	5,279,196	2,148,044

3 Net operating expenses

Net operating expenses are analysed as follows:	**2012**	2011
	£	£
Distribution costs	**37,796**	18,585
Administrative expenses	**775,085**	681,922
Net operating expenses	**812,881**	700,507

4 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging (crediting):	2012 £	2011 £
Depreciation of tangible fixed assets:-		
Owned assets	**204,511**	207,842
Assets held under finance lease agreements	**7,361**	-
Operating lease rentals for land and buildings	**180,000**	180,000
(Profit) on sale of fixed assets	**(5,500)**	-
Loss (gain) on foreign exchange	**13,363**	(3,696)
Auditor's remuneration		
Audit of these financial statements	**3,560**	3,450

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.

5 Directors emoluments

	2012 £	2011 £
Emoluments	**125,400**	118,771
Pension contributions	**4,347**	4,296
Aggregate emoluments	**129,747**	123,067

The emoluments above are in respect of one director. The other director is paid by another group company and no recharge is made for his services to the company. His emoluments are included in the aggregate directors' emoluments disclosed in the financial statements of another group company.

6 Employee information

The average weekly number of persons employed by the company including executive directors during the period was:

	2012 Number	2011 Number
By activity		
Production	**17**	15
Administration	**6**	6
	23	21

Employment costs of all employees included above:

	2012 £	2011 £
Wages	**878,139**	826,036
Social security costs	**98,414**	92,281
Pension costs (note 20)	**25,332**	25,148
Total	**1,001,885**	943,465

7 Interest payable and similar charges

	2012 £	2011 £
On amounts owed to group undertakings	**40,951**	-
On finance leases	**347**	-
	41,298	-

8 Taxation

Analysis of charge (credit) in period	2012 £	2011 £
UK Corporation tax		
Current tax on income for the period	**130,863**	-
Group relief		
Current tax on income for the period	**-**	(101,687)
Adjustment in respect of prior periods	**188**	-
	188	(101,687)
Foreign tax		
Current tax on income for the period	**-**	445
Total current tax charge (credit)	**131,051**	(101,242)
Deferred tax		
Reversal of timing differences	**-**	(17,447)
Total current tax charge (credit) being tax on profit (loss) on ordinary activities	**131,051**	(118,689)

Factors affecting the tax charge (credit) for the current period.

The current tax charge (credit) for the period is higher (2011: lower) than the standard rate of corporation tax in the UK of 25% (2011: 27%). The differences are explained below.

	2012 £	2011 £
Current tax reconciliation		
Profit on ordinary activities before tax	**444,448**	(482,792)
Current tax at 25% (2011: 27%)	**111,112**	(130,354)
Effects of:-		
Expenses not deductible for tax purposes	**293**	133
Foreign tax	**-**	445
Income not taxable for tax purposes	**-**	(436)
Adjustment in respect of prior periods	**188**	-
Difference between depreciation and capital allowances	**23,396**	25,215
Other timing differences	**(3,938)**	3,755
Total current tax charge (credit) (see above)	**131,051**	(101,242)

8 Taxation (Cont)

Factors affecting future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2011) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 17 July 2012 respectively. This will reduce the company's future current tax charge accordingly.

The unprovided deferred tax asset at 27 September 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

9 Tangible assets

	Leasehold Improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost				
29 September 2011	-	752,343	59,891	812,234
Additions	-	83,414	59,471	142,885
Disposals	-	-	(22,262)	(22,262)
Transfers from group undertaking	77,694	14,279	-	91,973
27 September 2012	**77,694**	**850,036**	**97,100**	**1,024,830**
Depreciation				
29 September 2011	-	312,244	49,387	361,631
Charge for the period	1,295	190,255	20,322	211,872
Disposals	-	-	(22,262)	(22,262)
27 September 2012	**1,295**	**502,499**	**47,447**	**551,241**
Net book amount				
27 September 2012	**76,399**	**347,537**	**49,653**	**473,589**
29 September 2011	-	440,099	10,504	450,603

Included within fixed assets are assets financed under hire purchase arrangements with a cost of £33,124 (2011: £nil) and accumulated depreciation of £7,361 (2011: £nil).

10 Stock

The amounts attributable to different categories are as follows:

	2012 £	2011 £
Finished goods	**361,592**	687,853
Work in progress	**85,962**	156,393
	447,554	844,246

11 Debtors

Amounts falling due within one year:	2012 £	2011 £
Trade debtors	**785,835**	599,822
Amounts owed by group undertakings	**28,672**	77,028
Group relief receivable	**-**	101,687
Prepayments and accrued income	**5,433**	1,929
	819,940	780,466

12 Creditors – Amounts falling due within one year

	2012 £	2011 £
Trade creditors	**208,163**	573,541
Amounts owed to group undertakings	**230,103**	254,011
Other taxation and social security costs	**34,682**	76,876
Corporation tax	**130,863**	-
Accruals and deferred income	**351,710**	248,676
Obligations under finance leases	**11,910**	-
Other creditors	**241,962**	80,252
	1,209,393	1,233,356

Interest is charged on non-trading intercompany balances at base rate plus 2.5%.

The finance leases are secured over the related assets.

13 Creditors – Amounts falling due after more than one year

	2012 £	2011 £
Loans due to group undertakings	**675,045**	1,356,601

There are no terms for the repayment of the loan and interest was not charged in the current year. The parent company has confirmed that repayment of the loan balance will not be requested within the next twelve months.

14 Provision for liabilities

	Warranty Provision
	£
29 September 2011	16,618
Amount provided in the year	34,020
27 September 2012	**50,638**

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 year.

15 Deferred taxation

A deferred tax asset of £27,817 (2011: £10,669), consisting of £1,891 (2011:£5,653) of disallowable provisions and £25,926 (2011: £5,016) of decelerated capital allowances, calculated at 23% (2011: 25%) has not been recognised as there is insufficient evidence that the asset would be recoverable.

16 Called up share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
1,000 ordinary shares of £1	**1,000**	1,000

17 Reserves

	Profit and loss account - deficit
	£
29 September 2011	(508,018)
Profit for the financial period being retained profit for the financial period	313,397
27 September 2012	**(194,621)**

18 Reconciliation of movement in shareholder's deficit

	2012	2011
	£	£
Profit (loss) for the financial period	313,397	(364,103)
Opening shareholder's deficit	(507,018)	(142,915)
Closing shareholder's deficit	(193,621)	(507,018)

19 Contingent liabilities and financial commitments

The company has an agreement to guarantee the bank borrowings of its parent company, Score Group plc. At 27 September 2012 the net position on the group borrowing was £8,526,853 (2011:£ 8,995,263). The assets of the company are secured by a bond and floating charge.

Operating lease commitments

At 27 September 2012 the company had annual commitments under non-cancellable operating lease as follows:

	Land & Buildings 2012	Land & Buildings 2011
	£	£
Expiring in :Greater than five years	180,000	180,000

20 Pension contributions

The company contributes to individual employees' personal pension plans. Contributions in the period amounted to £25,332 (2011: £25,148). Contributions amounting to £2,127 (2011: £2,433) were payable at the period end and are included in creditors.

21 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.

21 Immediate and ultimate parent company and controlling party

Score Group plc, a company registered in Scotland, is the immediate and ultimate parent company. 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. Copies of Score Group plc consolidated financial statements can be obtained from the company secretary at Glenugie Engineering Works, Peterhead, AB42 0YX.