

Company Registration No. SC372021

Imenco UK Limited

Unaudited Report and Financial Statements

31 December 2018

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EDINBURGH**

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Imenco UK Limited

Report and financial statements 2018

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Imenco UK Limited

Report and financial statements 2018

Officers and professional advisers

Director

G E Ostebovik

Registered office

Campus 1 Aberdeen Innovation Park Balgownie Road
Bridge of Don
Aberdeen
AB22 8GT

Solicitor

Burness Paul LLP
Union Plaza
1 Union Wynd
Aberdeen
AB10 1SL

Banker

DnB NOR Bank ASA
20 St. Dunstan's Hill
London
EC3R 8HY

Accountant

Deloitte LLP
Aberdeen
1 Union Wynd
Aberdeen
AB10 1SL

Imenco UK Limited

Director's report

Director

G B Ostebovik was the sole director who held office in the year and to the date of this report.

The director presents his annual report on the affairs of the company, together with the financial statements, for the year ended 31 December 2018.

This director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Principal activity

The principal activity of the company is the sale and rental of products and systems for the marine market. These include deepwater innovative engineering, subsea cameras, subsea lighting, lasers, manipulators, remote operated vehicle (ROV) tooling, handling and lifting tooling, helicopter refuelling systems and full hyperbaric diving systems.

Result for the period

The company generated turnover of £3,808,138 (2017: £618,259) and loss for the financial year of £214,831 (2017: Profit of £64,230).

Acquisition

In the year, Imenco UK entered into an agreement to purchase business from Kongsberg Maritime relating to subsea cameras and harsh environment CCTV systems. The transaction was completed on 28 June 2018.

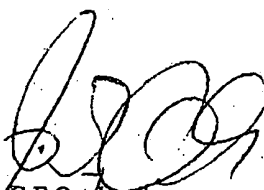
Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 14 to the financial statements.

Going concern

The company has a strong trading position in the year, which has increased significantly from the prior year. Having considered the trading outlook for the company, the director continues to consider the going concern basis of preparation to be appropriate.

Approved by the Director



G B Ostebovik
Director

27 September 2019

Director's responsibilities statement

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 including section 1A of FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). 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 accounting estimates that are reasonable and prudent 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 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.

Accountant's report to the board of directors on the preparation of the unaudited statutory financial statements of Imenco UK Limited for the year ended 31 December 2018

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Imenco UK Limited for the year ended 31 December 2018 which comprises the profit and loss account, the balance sheet, and the related notes 1 to 15 from the company's accounting records and from information and explanations you have given to us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at www.icaew.com/membershandbook.

This report is made to the Board of Directors of Imenco UK Limited, as a body, in accordance with the terms of our engagement letter dated 7th June 2019. Our work has been undertaken solely to prepare for your approval the financial statements of Imenco UK Limited and state those matters that we have agreed to state to you in this report in accordance with AAF 02/10 as detailed at www.icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Imenco UK Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Imenco UK Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Imenco UK Limited. You consider Imenco UK Limited to be exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Imenco UK Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have provided us and we do not, therefore, express any opinion on the statutory financial statements.

Deloitte LLP

Deloitte LLP
Aberdeen

27 September 2019

Imenco UK Limited

Profit and loss account Year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover		3,808,138	618,259
Cost of sales		(1,175,399)	(450,725)
Gross profit		2,632,738	167,534
Administrative expenses		(2,752,437)	(107,320)
Operating (loss)/profit		(119,698)	60,214
Interest receivable and similar income		7,117	-
Interest payable and similar expenses		(35,688)	-
Other gains and losses		(36,678)	-
(Loss)/profit before taxation	3	(184,947)	60,214
Tax on profit/(loss)	4	(29,884)	4,016
(Loss)/profit for the financial year		(214,831)	64,230
Retained profits at 1 January		873,356	809,126
(Loss)/profit in the year		(214,831)	64,230
Retained profits at 31 December		658,525	873,356

The results for the current and prior year relate to continuing activities.

There are no recognised gains or losses in the current or prior year other than those included above. Accordingly, no separate statement of comprehensive income has been presented.

Imenco UK Limited

Balance sheet As at 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	5	2,005,221	82
		<u>2,005,221</u>	<u>82</u>
Current assets			
Stock	6	2,249,448	2,644
Debtors	7	4,079,016	641,965
Cash at bank and in hand		298,009	301,412
		<u>6,626,473</u>	<u>946,021</u>
Creditors: amounts falling due within one year	8	<u>(6,419,081)</u>	<u>(47,747)</u>
Net current assets		<u>207,392</u>	<u>898,274</u>
Total assets less current liabilities		<u>2,212,614</u>	<u>898,356</u>
Creditors: amounts falling due after more than one year	9	(1,520,000)	-
Provisions for liabilities	10	(9,089)	-
Net assets		<u><u>683,525</u></u>	<u><u>898,356</u></u>
Capital and reserves			
Share capital	11	1	1
Share premium	11	24,999	24,999
Profit and loss account	11	<u>658,525</u>	<u>873,356</u>
Shareholder's funds		<u><u>683,525</u></u>	<u><u>898,356</u></u>

Imenco UK Limited

Balance sheet (continued) As at 31 December 2018

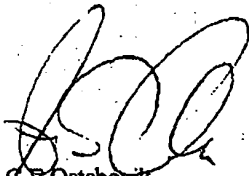
For the year ending 31 December 2018, Imenco UK Limited was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the accounts;
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The financial statements of Imenco UK Limited, registered number SC372021, were approved by the Director and authorised for issue on September 27, 2019.



G E Ostebovik
Director

Imenco UK Limited

Notes to the financial statements Year ended 31 December 2018

1. Accounting policies

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior year.

General information and basis of accounting

Imenco UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the directors' report on page 2.

The average monthly number of employees (including executive directors) was 64 (2017: 4).

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The functional currency of Imenco UK Limited is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pound sterling.

Exemptions

Under FRS 102 the Company is exempt from the requirements to:

- To prepare a statement of cash flows
- Disclose remuneration of key management personnel
- Disclose details about financial instruments required by sections 11 and 12 of FRS 102
- Prepare consolidated financial statements

on the grounds that the parent undertaking includes the Company in its own published consolidated financial statements. These are available at the address found in note 13.

Going concern

Having considered the trading outlook for the company and the balance sheet position, the company has current assets of £6,626k (2017: £946k) and net assets of £684k (2017: £898k) Therefore, the going concern basis is adopted in the presentation of the financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any identified provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of assets on a straight line basis over their expected useful lives, as follows:

Land and Buildings – 25 years

Plant and Machinery – 3-10 years

Office equipment – 4 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Notes to the financial statements (continued)
Year ended 31 December 2018

1. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

(iii) Equity instruments

Imenco UK Limited

Notes to the financial statements (continued) **Year ended 31 December 2018**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Convertible loan notes

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. On initial recognition, the financial liability component is recorded at its fair value. At the date of issue, in the case of a convertible bond denominated in the functional currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in the equity reserve within equity and is not subsequently remeasured.

Transaction costs are apportioned between the liability and equity components of the convertible instrument based on their relative fair values at the date of issue. The portion relating to the equity component is charged directly against equity. Where the financial liability component meets the criteria in (i) above, the finance costs of the financial liability are recognised over the term of the debt using the effective interest method.

(v) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

The Company does not apply hedge accounting.

(vi) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Stocks

Stocks are stated at the lower of cost and estimated selling price less cost to sell, which is equivalent to the net realisable value. Cost consists of materials. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

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Notes to the financial statements (continued) **Year ended 31 December 2018**

1. Accounting policies (continued)

Taxation

Current 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are recognised in the profit and loss account in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

Imenco UK Limited

Notes to the financial statements (continued) **Year ended 31 December 2018**

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgement

There are no material sources of judgement impacting the financial statements.

Key sources of estimation uncertainty

There are no material key sources of estimation uncertainty impacting the financial statements.

3. Loss/(profit) before taxation

Loss/(profit) on ordinary activities before taxation is stated after charging:

	2018	2017
	£	£
Depreciation of owned tangible fixed assets	50,720	118
Gain/(Loss) on foreign exchange	4,779	5,134
Operating lease rentals – other	-	11,262
	<u> </u>	<u> </u>

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2018

4. Tax on profit on ordinary activities

The tax charge for the year comprises:

	2018 £	2017 £
Current tax:		
Current tax charge	17,041	-
Prior year adjustments	(228)	-
Total current tax charge	16,813	-
Deferred taxation:		
Origination and reversal of timing differences	14,609	(4,547)
Effect of changes in tax rates	(1,537)	531
Total deferred tax	13,072	(4,016)
Total tax charge/(credit)	29,885	(4,016)

The standard rate of tax applied to reported profit on ordinary activities is 19% (2017: 19.25%). The applicable tax rate has changed following the substantive enactment of the Finance Bill 2016.

The actual tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 19.25 %) for the reasons set out in the following reconciliation.

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	(184,947)	60,214
Tax charge on profit/(loss) on ordinary activities at standard UK corporation tax rate of 19% (2017: 19.25%)	(35,140)	11,589
Effects of:		
Income not taxable	-	(16,314)
Expenses not deductible for tax purposes	66,790	178
Effects of other tax rates/credits	(1,537)	531
Adjustments from previous periods	(228)	-
Total tax charge/(credit) for the period	29,885	(4,016)

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2018

5. Tangible fixed assets

	Land and Buildings £	Plant and Machinery £	Office Equipment £	Total £
Cost				
At 1 January 2018	-	115	5,479	5,594
Additions	1,949,667	106,193	-	2,055,860
At 31 December 2018	1,949,667	106,193	5,479	2,061,454
Depreciation				
At 1 January 2018	-	66	5,446	5,512
Charge for year	38,993	11,644	33	50,720
At 31 December 2018	38,993	11,760	5,479	56,232
Net book value				
At 31 December 2018	1,910,674	94,548	-	2,005,221
At 31 December 2017	-	49	33	82

6. Stock

	2018 £	2017 £
Finished Goods	2,249,448	2,644

7. Debtors: amounts falling due within one year

	2018 £	2017 £
Trade debtors	1,041,220	40,144
Amounts due from related parties	2,942,850	549,093
Other debtors	94,946	28,100
Corporation tax	-	24,628
	4,079,016	641,965

Amounts due from related parties are unsecured, interest free and repayable on demand.

Included within other debtors is a deferred tax asset of £nil (2017: £3,982.)

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2018

8. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	187,767	11,227
Other creditors	11,687	13,000
Amounts due to related parties	5,450,043	23,520
Corporation Tax	17,041	-
Bank overdrafts	752,543	-
	<u>6,419,081</u>	<u>47,747</u>

Amounts owed to related parties are unsecured, interest free and repayable on demand.

9. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank Loan	1,520,000	-
	<u>1,520,000</u>	<u>-</u>

Interest at margin rate of 3.25% is payable on the 10 year bank loan.

10. Provisions for liabilities

	2018 £	2017 £
Deferred taxation	9,089	-
	<u>9,089</u>	<u>-</u>

The deferred tax liability is based on a corporation tax rate of 19%.

Imenco UK Limited

Notes to the financial statements (continued) Year ended 31 December 2018

11. Share Capital

	2018	2017
	£	£
Called up, allotted and fully paid		
1 ordinary share of £1	1	1

The company has one class of ordinary share, which carry no right to fixed income.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserves represent cumulative profits or losses net of dividends paid.

12. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2018	Land and buildings 2017
	£	£
Within one year	-	11,262
Between one and five years	-	-
Total	-	11,262

13. Related party transactions

The Company has taken advantage of the exemptions conferred by FRS 102 with regard to non-disclosure of transactions with other wholly owned group undertakings.

14. Ultimate parent company

At 31 December 2018 the company's share capital is owned equally by Imenco Invest AS, companies incorporated in Norway with a registered address of Kophaug 3, 5570 Akksdal, Norway. Imenco Invest AS is owned by G E Ostebovik.

15. Subsequent events

Between the year end and the date of signing, Imenco UK Limited acquired Nautronix, a provider of digital acoustic communication products and positioning services to the subsea industry. This was completed on 1 July 2019.