

Geosonic Drilling Limited

Financial Statements

Year Ended

31 January 2017

Company Number SC438005



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Geosonic Drilling Limited
Registered number: SC438005

Balance Sheet
As at 31 January 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	5	122,494	118,326
		<u>122,494</u>	<u>118,326</u>
Current assets			
Stocks	6	111,532	146,517
Debtors: amounts falling due within one year	7	1,488,811	622,229
Cash at bank and in hand	8	201,933	86,557
		<u>1,802,276</u>	<u>855,303</u>
Creditors: amounts falling due within one year	9	(1,596,067)	(680,059)
Net current assets		<u>206,209</u>	<u>175,244</u>
Total assets less current liabilities		<u>328,703</u>	<u>293,570</u>
Provisions for liabilities			
Deferred tax	11	-	(11,692)
		<u>-</u>	<u>(11,692)</u>
Net assets		<u><u>328,703</u></u>	<u><u>281,878</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		328,603	281,778
		<u>328,703</u>	<u>281,878</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

31 OCTOBER 2017


M Mulraney
Director

The notes on pages 2 to 11 form part of these financial statements.

Geosonic Drilling Limited

Notes to the Financial Statements For the Year Ended 31 January 2017

1. General information

Geosonic Drilling Limited is a company incorporated in Scotland under the Companies Act. The address of the registered office is given in the company information page and the nature of the company's principal activity is set out in the directors report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

This is the first year of FRS 102 application. The date of transition was 1 February 2015.

Information on the impact of first-time adoption of FRS 102 is given in note 18.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Geosonic Drilling Limited

Notes to the Financial Statements For the Year Ended 31 January 2017

2. Accounting policies (continued)

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 10% - 33% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.4 Stocks

Stocks consist of consumables and are stated at cost. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a

Geosonic Drilling Limited

Notes to the Financial Statements For the Year Ended 31 January 2017

2. Accounting policies (continued)

2.7 Financial Instruments (continued)

financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Geosonic Drilling Limited

Notes to the Financial Statements For the Year Ended 31 January 2017

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Geosonic Drilling Limited

Notes to the Financial Statements For the Year Ended 31 January 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the director has made the following judgements:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and the residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and the projected disposal values.

Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and the expected future financial performance of that asset.

Bad debts are provided for where objective evidence of the need for a provision exists.

4. Employees

The average monthly number of employees, including directors, during the year was 35 (2016 - 32).

5. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 February 2016	191,746
Additions	94,949
At 31 January 2017	286,695
Depreciation	
At 1 February 2016	73,420
Charge for the year on owned assets	90,781
At 31 January 2017	164,201
Net book value	
At 31 January 2017	122,494
At 31 January 2016	118,326

Geosonic Drilling Limited

Notes to the Financial Statements For the Year Ended 31 January 2017

6. Stocks

	2017 £	2016 £
Stock of consumables	111,532	146,517
	<u>111,532</u>	<u>146,517</u>

Geosonic Drilling Limited

Notes to the Financial Statements For the Year Ended 31 January 2017

7. Debtors

	2017 £	2016 £
Trade debtors	866,197	487,366
Amounts owed by group undertakings	461,501	44,858
Other debtors	2,625	12,076
Prepayments and accrued income	157,669	77,929
Deferred taxation	819	-
	<u>1,488,811</u>	<u>622,229</u>

8. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	201,933	86,557
	<u>201,933</u>	<u>86,557</u>

Geosonic Drilling Limited

Notes to the Financial Statements For the Year Ended 31 January 2017

9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	172,154	177,656
Amounts owed to group undertakings	485,045	-
Other taxation and social security	147,822	25,252
Other creditors	687,944	408,899
Accruals and deferred income	103,102	68,252
	<u>1,596,067</u>	<u>680,059</u>

	2017 £	2016 £
Other taxation and social security		
PAYE/NI	60,550	25,252
VAT	87,272	-
	<u>147,822</u>	<u>25,252</u>

Secured loans

Bank loans within the group are secured by cross guarantees between Geosonic Drilling Limited, Geosonic Plant Limited, MulDrilling Limited and Geosonic Property Limited for all outstanding loans supported by a floating charge over each of the aforementioned companies.

Geosonic Drilling Limited

Notes to the Financial Statements For the Year Ended 31 January 2017

10. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at amortised cost	1,615,849	734,157
	<u>1,615,849</u>	<u>734,157</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(1,596,067)	(680,059)
	<u>1,596,067</u>	<u>680,059</u>

Financial assets measured at amortised cost comprise cash, cash equivalents, trade, group and other debtors.

Other financial liabilities measured at amortised cost comprise bank overdrafts, loans, trade, group and other creditors and accruals.

11. Deferred taxation

	2017 £	2016 £
At beginning of year	(11,692)	(21,314)
Utilised in year	12,511	9,622
At end of year	<u>819</u>	<u>(11,692)</u>
	2017 £	2016 £
Accelerated capital allowances	819	(11,692)
	<u>819</u>	<u>(11,692)</u>

12. Pension commitments

The amount recognised in the profit and loss account as an expense in relation to the company's defined contribution scheme is £10,414 (2016: £10,376). There were no amounts owing at the year end.

Geosonic Drilling Limited

Notes to the Financial Statements For the Year Ended 31 January 2017

13. Controlling party

The company is a wholly owned subsidiary of Mul Drilling Limited. The company is controlled by the director by virtue of his majority shareholding of Mul Drilling Limited.

14. Auditor's information

An audit of the company's financial statements was carried out by BDO LLP as statutory auditor who reported to the company's members on 31 October 2017. The auditor's report was signed by Martin Gill as senior statutory auditor and was unqualified.